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Illustrative Financial Statements 2014

GAAP Singapore Ltd and its subsidiaries

(Registration No. 200001999A)

Report of the directors and financial statements

Year ended December 31, 2014

Preface

Scope

This publication provides a set of sample financial statements of a fictitious group of companies. GAAP Singapore Ltd is a company incorporated in Singapore and its shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The names of people and entities included in this publication are fictitious. Any resemblance to a person or entity is purely coincidental.

GAAP Singapore Ltd is assumed to have presented its financial statements in accordance with Singapore Financial Reporting Standards ("FRS") for a number of years.

Effective date

The illustrative financial statements include the disclosures required by the Singapore Companies Act, SGX-ST Listing Manual, and FRSs and INT FRSs that are issued as at July 31, 2014.

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 and 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, SGX-ST Listing Manual, and FRSs and INT FRSs.

For the purposes of presenting the statement of profit or loss and other comprehensive income, and statement of cash flows, the various alternatives allowed under FRSs for those statements have been illustrated. Preparers of financial statements should select the alternatives most appropriate to their circumstances.

The illustrative financial statements contain general information and are not intended to be a substitute for reading the legislation or accounting standards themselves, or for professional judgement as to adequacy of disclosures and fairness of presentation. They do not encompass all possible disclosures required by the Singapore Companies Act, SGX-ST Listing Manual, and FRSs and INT FRSs. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws and 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 illustrative financial statements. Guidance notes are provided where additional matters may need to be considered in relation to a particular disclosure. These notes are inserted within the relevant section or note.

The illustrative financial statements are prepared by the Technical Department of Deloitte & Touche LLP in Singapore ("Deloitte Singapore") for the use of clients and staff and are written in general terms. Accordingly, we recommend that readers seek appropriate professional advice regarding the application of its contents to their specific situations and circumstances. The illustrative financial statements should not be relied on as a substitute for such professional advice. Partners and professional staff of Deloitte Singapore would be pleased to advise you. While all reasonable care has been taken in the preparation of these illustrative financial statements, Deloitte Singapore accepts no responsibility for any errors it might contain, whether caused by negligence or otherwise, or for any loss, howsoever caused, incurred by any person as a result of relying on it.

Abbreviations used

References are made in this publication to the Singapore Companies Act, Singapore accounting pronouncements, guidelines and SGX-ST listing rules that require a particular disclosure or accounting treatment. The abbreviations used to identify the source of authority are as follows:

Alt	Alternative
CA	Singapore Companies Act
CCG	Code of Corporate Governance
FRS	Singapore Financial Reporting Standards
INT FRS	Interpretation of Singapore Financial Reporting Standards
LM	Singapore Exchange Securities Trading (SGX-ST) Listing Manual
RAP	Recommended Accounting Practice
SSA	Singapore Standards on Auditing

Summary of key changes from the 2013 version of the Illustrative Financial Statements

This section covers:

- an overview of new and revised Financial Reporting Standards (FRSs) that are mandatorily effective for the year ending December 31, 2014; and
- an overview of new and revised FRSs that are not yet mandatorily effective but allow early application for the year ending December 31, 2014.

For this purpose, the discussion below reflects a cut-off date of July 31, 2014. The potential impact of the application of any new and revised FRSs and INT FRSs issued after July 31, 2014 but before the financial statements are issued should also be considered and disclosed.

Note: Appendix A contains sample disclosures required by FRS 8.30 on new/revised FRSs, INT FRSs and amendments to FRSs that may be relevant to an entity that were issued but are not effective at the date of authorisation of the financial statements. The disclosures are purely for illustrative purposes and may not be relevant to GAAP Singapore Ltd for the year ended December 31, 2014.

Amendments mandatorily effective for the year ending December 31, 2014

The following is a summary of the new and revised Financial Reporting Standards (FRSs) that are mandatorily effective for the year ending December 31, 2014.

a) "Package of Five"

The "Package of Five" consists of the following standards:

- FRS 27(Revised) *Separate Financial Statements*
- FRS 28(Revised) *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 110, FRS 111, FRS 112 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance*

FRS 110 *Consolidated Financial Statements*

- Under FRS 110, there is only one basis for consolidation for all entities, and that basis is control. This change removes the perceived inconsistency between the previous version of FRS 27 *Consolidated Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities* – FRS 27 used a control concept whilst INT FRS 12 placed greater emphasis on risks and rewards.
- A more robust definition of control has been developed in FRS 110 in order to capture unintentional weaknesses of the definition of control set out in the previous version of FRS 27. The definition of control in FRS 110 includes three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Some of the key changes relating to the new definition are outlined below:

  – FRS 110 requires an investor to focus on activities that significantly affect the returns of an investee ("relevant activities") in assessing whether it has control over the investee (not merely financial and operating policies as set out in the previous version of FRS 27).
  – FRS 110 replaces the term 'benefits' with the term 'returns' so as to clarify that an investor's returns could have the potential to be positive, negative or both.
  – FRS 110 makes it clear that there must be a linkage between 'power' and 'returns from the investee'.
  – FRS 110 requires that, in assessing control, only substantive rights (i.e. rights that their holder has the practical ability to exercise) are considered. For a right to be substantive, the right needs to be currently exercisable by the time when decisions about the relevant activities need to be made.

- FRS 110 adds application guidance to assist in assessing whether an investor controls an investee in complex scenarios, including:

- Application guidance on when an investor that has less than 50% of the voting rights of an investee has control over the investee for reasons other than contractual arrangements and potential voting rights (commonly referred to as "de facto control).
- Application guidance on whether a decision maker is acting as a principal or an agent for another party. A decision maker that has decision making authority over the relevant activities of an investee does not have control over the investee when it is merely an agent acting on behalf of its principal.
- Application guidance on when a particular set of assets and liabilities of an investee (i.e. a portion of an investee) can be deemed as a separate entity for the purposes of determining whether that portion is a subsidiary of the investor. FRS 110 states that a portion of an investee is treated as a separate entity for consolidation purposes when that portion is economically 'ring-fenced' from the rest of the investee.

FRS 110 does not contain "bright lines" as to when an investor should or should not consolidate an investee.

Overall, the application of FRS 110 requires significant judgement on a number of aspects.

FRS 110 requires investors to reassess whether or not they have control over their investees on transition to FRS 110. In general, FRS 110 requires retrospective application, with certain limited transition provisions.

Regarding the requirements for the preparation of consolidated financial statements, most of the requirements have remained unchanged from the previous version of FRS 27 to FRS 110.

FRS 111 *Joint Arrangements*

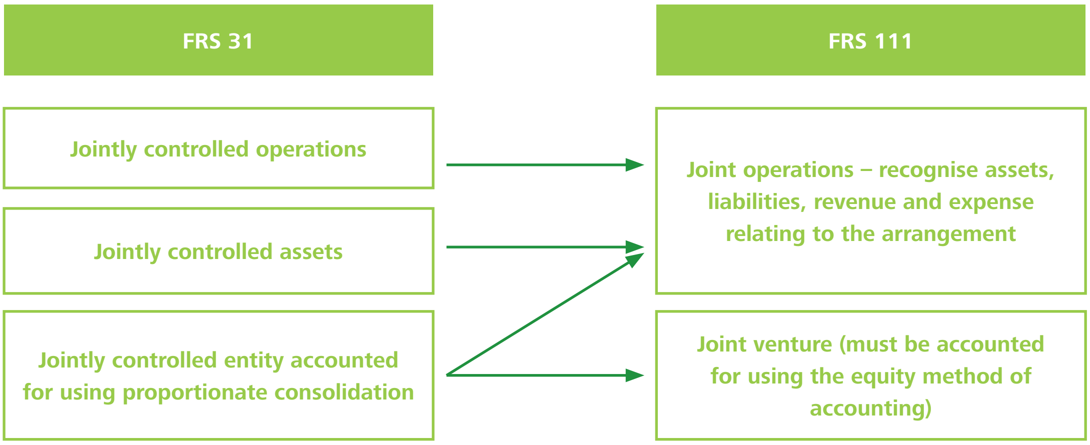
FRS 111 replaces FRS 31 *Interests in Joint Ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.*

FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified. There are two types of joint arrangements under FRS 111: joint operations and joint ventures. These two types of joint arrangements are distinguished by the parties' rights and obligations under the arrangements.

Type of joint arrangement	Features	Accounting under FRS 111
Joint venture	Joint venturers have rights to the net assets of the arrangement.	Equity method of accounting – Proportionate consolidation is no longer allowed.
Joint operation	Joint operators have rights to the assets and obligations for the liabilities of the arrangement.	Each joint operator recognises its assets, liabilities, revenue and expenses, and its share of the assets, liabilities, revenue and expenses relating to its interest in the joint operation in accordance with the FRSs applicable to those particular assets, liabilities, revenues and expenses.

Under FRS 111, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under FRS 31, the establishment of a separate legal vehicle is the key factor in determining the existence of a jointly controlled entity.

Therefore, upon application of FRS 111, the following changes may occur:



FRS 111 requires retrospective application with the following transitional provisions:

Scenario	Adjustments required
Scenario 1) The joint arrangement is a joint venture under FRS 111 which was previously treated as a jointly controlled entity and proportionate consolidation was applied	• Recognise the investment in the joint venture as at the beginning of the immediately preceding period (i.e. January 1, 2013 if entities apply FRS 111 for the first time for the year ending December 31, 2014) and measure it as the aggregate of the carrying amounts of the assets and liabilities the investor had previously proportionately consolidated, including any goodwill arising from acquisition; • Assess impairment on the initial investment as at the beginning of the immediately preceding period in accordance with paragraphs 40 – 43 of FRS 28 (revised); and • Adjust retrospectively the annual period immediately preceding the date of initial application.
Scenario 2) The joint arrangement is a joint operation under FRS 111 which was previously treated as a jointly controlled entity and the equity method of accounting was applied	• De-recognise the investment that was previously accounted for using the equity method of accounting as at the beginning of the immediately preceding period (i.e. January 1, 2014 if entities apply FRS 111 for the first time for the year ending December 31, 2014); • Recognise the joint operator's share of each of the assets and the liabilities (including any goodwill) in a specified proportion in accordance with the contractual arrangements as at the beginning of the immediately preceding period; and • Recognise the difference resulting from the above adjustments against goodwill or retained earnings, as appropriate.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

FRS 112 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interests in other entities and the effects of those interests on its financial statements.

FRS 112 requires extensive disclosures. The table below includes some of the new disclosures required by FRS 112.

Nature of investment	Disclosures required by FRS 112
1) Investments in subsidiaries in consolidated financial statements	• Significant judgements and assumptions a reporting entity has made in determining whether or not it has control over an investee. • Information about the composition of the reporting entity group. • Information about each subsidiary that has material non-controlling interests (e.g. summarised financial information about each subsidiary).
2) Investments in joint arrangements and associates	• Significant judgements and assumptions a reporting entity has made in determining (a) whether or not it has joint control/significant influence over an investee, and (b) how a joint arrangement is classified. • Information about each material joint arrangement/associate (e.g. summarised financial information about each material joint venture/associate). • Information about risks associated with the reporting entity's interests in joint ventures and associates.
3) Investments in unconsolidated structured entities	• Information about the nature and extent of the reporting entity's interests in unconsolidated structured entities (e.g. qualitative and quantitative information about the nature, purpose, size, and activities of the structured entity and how the structured entity is financed). • Information about risks associated with the reporting entity's interests in unconsolidated structured entities.

Amendments to FRS 110, FRS 112 and FRS 27 relating to *Investment Entities*

The amendments to FRS 110 introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- Obtains funds from one or more investors for the purpose of providing them with professional investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments to FRS 112 and FRS 27 have been made to introduce new disclosure requirements for investment entities.

b) Amendments to FRS 32 *Financial Instruments: Presentation relating to Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to FRS 32 are effective for annual periods beginning on or after January 1, 2014, with retrospective application required.

c) Amendments to FRS 36 *Impairment of Assets relating to Recoverable Amounts Disclosures*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, including:

- The level of the FRS 113 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined; and
- For fair value measurements at Level 2 or 3 of the fair value hierarchy:
  - A description of the valuation techniques used and any changes in that valuation technique; and
  - Key assumptions used in the measurement of fair value, including the discount rate(s) used in the current measurement and previous measure if fair value less costs of disposal is measured using a present value technique.

d) INT FRS 121 *Levies*

INT FRS 121 addresses concerns on how to account for levies that are based on financial data of a period that is different from that in which the activity that gives rise to the payment of the levy occurs. Specifically, the Interpretation clarifies that a liability should be recognised when the obligating event (i.e. the activity that triggers payment of the levy) occurs.

e) Amendments to FRS 39 *Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting*

The limited scope amendment to FRS 39 provides some relief to the hedge accounting requirements when a derivative is required to be novated to a central counterparty which meets the following criteria:

(i) The novation is required by laws or regulations;
(ii) The novation results in a central counterparty becoming the new counterparty to each of the parties to the novated derivative; and
(iii) The changes in terms of the novated derivative are limited to those necessary to effect the terms of the novated derivative.

Any changes to the derivative's fair value arising from the novation would be reflected in its measurement and therefore in the measurement of hedge effectiveness.

Not yet mandatorily effective but early application allowed for the year ending December 31, 2014

The following is a summary of the new and revised Financial Reporting Standards (FRSs) that are not yet mandatorily effective for the year ending December 31, 2014 but early application is allowed.

- Amendments to FRS 19 (2011) *Defined Benefit Plans*: *Employee Contributions*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)

Guidance Notes:

See Appendix A for the illustrative disclosures on the effects of the above new FRSs, INT FRSs and amendments to FRS that are issued but not effective at the date of authorisation of financial statements. The list is updated up to July 31, 2014.

Contents

Index to the notes to financial statements

Source

Report of the Directors

Source

GAAP Singapore Ltd and its subsidiaries
Report of the directors

Source	
CA 201(5) CA 201(6A)	The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2014.[1]
CA 201(6)(a) CA201(6A)(a)	**1 Directors[2]**

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

Ang Boey Chwee	
Desmond Ee Fong Guan	
Heng Ing Jong	
Kenneth Lim Meng Nam	(Appointed on July 11, 2014)
Ooi Puay Quan	(Appointed on September 7, 2014)
Raymond See Teoh Ung	(Appointed on November 6, 2014)
Vanessa Wong Xiao Ying	(Alternate to Ang Boey Chwee and appointed on January 3, 2014)

CA 201(6)(f)
CA 201(6A)(g)

2 Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except for the options mentioned in paragraph 3 and 5 of the Report of the directors.

CA 201(6)(g)
CA 201(6A)(h)
CA 164

3 Directors' interests in shares and debentures[3]

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act except as follows:

Report of the Directors

Source

GAAP Singapore Ltd and its subsidiaries
Report of the directors

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are 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
GAAP Singapore Ltd (Ordinary shares)				
Ang Boey Chwee	40,000,000	50,000,000	250,000	250,000
Kenneth Lim Meng Nam	100,000	575,000	-	-
Raymond See Toh Ung	-	25,000	-	-
GAAP Singapore Ltd (Ordinary shares)				
Ang Boey Chwee	10,000	10,000	-	-
GAAP Pacific Inc. (Ordinary shares)				
Raymond See Teoh Ung	1,000	1,000	-	-

CA 7
CA 164

By virtue of section 7 of the Singapore Companies Act, Mr Ang Boey Chwee is deemed to have an interest in all the related corporations of the company.

LM 1207(7)

The directors' interests in the shares and options of the company at January 21, 2015 were the same at December 31, 2014.

CA 201(8)

4 Directors' receipt and entitlement to contractual benefits[4]

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Singapore Companies 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.

CA 201(11B)
LM 843(3)

5 Share options[5]

LM 852(1)(a)

(a) *Options to take up unissued shares*
The Employee Share Option Scheme (the "Scheme") in respect of unissued ordinary shares in the company was approved by the shareholders of the company at an Extraordinary General Meeting held on March 15, 2008.

Report of the Directors

Source

GAAP Singapore Ltd and its subsidiaries
Report of the directors

The scheme is administered by the Remuneration and Share Options Committee whose members are:

Heng Ing Jong (Chairman)
Desmond Ee Fong Guan
Kenneth Lim Meng Nam
Ooi Puay Quan

LM 849

Mr Kenneth Lim Meng Nam did not participate in any deliberation or decision in respect of the options granted to him.

CA 201(12)
LM 852(1)(d), 852(2)
845(5)

Under the Scheme, options granted to the directors and employees may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The ordinary shares of the company ("Shares") under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the exercise price. The exercise price is based on the average of closing prices of the Shares on the Singapore Exchange Securities Trading Limited for the three market days immediately preceding the date of grant. The Remuneration and Share Options Committee may at its discretion fix the exercise price at a discount not exceeding 20 percent to the above price. No options have been granted at a discount.

LM 845(1)
CA 201(12)
CA 201(11)

(b) Unissued shares under option and options exercised
The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the company. The number of outstanding share options under the scheme are as follows:

Number of options to subscribe for ordinary shares of the company

Date of grant	Balance at January 1, 2014	Granted	Exercised	Cancelled/ Lapsed	Balance at December 31, 2014	Exercise price per share	Exercisable period
July 1, 2011	2,500,000	-	(650,000)	(61,000)	1,789,000	$4.45	July 1, 2013 to June 30, 2015
June 30, 2013	1,000,000	-	-	-	1,000,000	$4.22	July 1, 2015 to June 30, 2017
December 31, 2013	1,000,000	-	-	-	1,000,000	$4.22	January 1, 2016 to December 31, 2018
March 31, 2014	-	250,000	-	-	250,000	$4.85	April 1, 2016 to March 31, 2018
June 30, 2014	-	1,150,000	-	-	1,150,000	$4.35	July 1, 2016 to June 30, 2018
October 31, 2014	-	300,000	-	-	300,000	$4.84	November 1, 2016 to October 30, 2018
Total	4,500,000	1,700,000	(650,000)	(61,000)	5,489,000		

Source

GAAP Singapore Ltd and its subsidiaries
Report of the directors

CA 201(11A)	Particulars of the options granted in 2011 and 2013 under the scheme were set out in the Report of the directors for the financial year ended December 31, 2011 and December 31, 2013 respectively.
LM 852(1)(c)(ii)	In respect of options granted to employees of related corporations, a total of 920,000 options were granted during the financial year, making it a total of 2,085,000 options granted to employees of related corporations from the commencement of the Scheme to the end of the financial year.
CA 201 (11) (e) LM 852(1)(b)(iii) LM 852(2)	Holders of the above share options have no right to participate in any share issues of any other company. No employee or employee of related corporations has received 5% or more of the total options available under this scheme.
LM 852(1)(b)(ii) LM 852(2)	There are no options granted to any of the company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).
LM 852(1)(b)(i)	The information on directors of the company participating in the Scheme is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Kenneth Lim Meng Nam	8,000	28,000	(13,000)	-	15,000

6 Audit Committee[(6)]

CA 201B(9)
CA 201B(2), (3)

The Audit Committee of the company, consisting all non-executive directors, is chaired by Mr Ooi Puay Quan, an independent director, and includes Mr Desmond Ee Fong Guan, an independent director and Mr Raymond See Teoh Ung. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

CA 201B(5)(a)

(a) The audit plans and results of the internal auditors' examination and evaluation of the group's systems of internal accounting controls;
(b) The group's financial and operating results and accounting policies;
(c) The financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' 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 group's external auditors; and
(f) The re-appointment of the external auditors of the group.

Source	
	GAAP Singapore Ltd and its subsidiaries **Report of the directors**
CA 201B(6)	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.
CA 201B(5)(b)	The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.
	7 Auditors[7]
	The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.
CA 201(6A)	On behalf of the directors[8]
	Ang Boey Chwee
	Desmond Ee Fong Guan
	January 31, 2015

Report of the Directors

Source

Source	Guidance notes – Report of the directors
CA 4 FRS 1.38 FRS 1.37	**1. Financial year** If the company's financial year is less than 12 months, the term "financial year" is defined in the first paragraph of the Report of the directors and therefore the rest of the report can still be "year" and does not require amendment to "period". Where there is a change of financial year end, the reason for the change should be disclosed in the Report of the directors as well as the notes to financial statements.
CA 201(6), (6A)	**2. Directors in office at the date of the report** If a director was appointed during the financial year and up to the date of the Report of the directors, the date of the appointment, although not required, is recommended to be disclosed clearly to identify the new director. There is no requirement to give details of director(s) who resigned during the financial year and up to the date of the Report of the directors.
CA 201(6)(g) CA 201(6A)(h) CA 201(11) CA 201(11B)	**3. Directors' interests in shares and debentures** Directors' interests include personal holdings, beneficial interest of their immediate family and deemed interests as defined by Section 7 of the Singapore Companies Act. Directors' interests in rights or share options are also to be disclosed accordingly. If a director resigns after the end of the financial year but before the date of the Report of the directors, his interest at the end of the financial year should be disclosed.
CA 164(3)	Where the company is a wholly owned subsidiary of another company (the "holding company"), the company may be deemed to have complied with section 164 of the Singapore Companies Act in relation to a director who is also a director of that other company if the particulars required by this section to be shown in the register of the company are shown in the register of the holding company. The following should be disclosed: "The directors, Mr/Ms __________ and Mr/Ms___________ are also directors of GAAP Holdings Ltd, incorporated in the Republic of Singapore, which owns all the shares of the company. Their interests in shares are recorded in the register of directors' shareholdings kept under section 164 of the Singapore Companies Act by the holding company and are therefore not disclosed in this report."

Source

Guidance notes – Report of the directors (Continued)

CA 201(8)

4. Directors' receipt and entitlement to contractual benefits

The directors of the company shall state in the report whether since the end of the previous financial year, a director of the company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or, if the company is a holding company, the consolidated financial statements in accordance with FRS or the fixed salary of a full-time employee of the company) 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 and if so, the general nature of the benefit. Examples include professional or directors' fees to a law firm in which the director(s) are partners. The amount disclosed must appear in Note 47 "Profit for the year". The general nature of the benefit should be disclosed where a contract subsists. Where there are such transactions, the following should be disclosed:

"There were certain transactions (as shown in the financial statements) with a corporation(s) in which certain directors have an interest".

CA 201(11)
CA 201(11A)
CA 201(11B)

5. Share options

The disclosures required by section 201(11) of the Singapore Companies Act relate to options granted by the company. Where any of the disclosures have been made in a previous report, the company need only make reference to that report.

(a) For options granted by the company during the financial year, the following disclosures have to be made:
(b) The number and class of shares in respect of which the option has been granted;
(c) The date of expiration of the option;
(d) The basis upon which the option may be exercised; and
(e) 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.

Where there are share options of subsidiaries, the following should be disclosed:

"At the end of the financial year, there were XX,XXX ordinary shares of GAAP Logistics Pte Ltd under option relating to the (name of option scheme) Share Option Scheme. Details and terms of the options have been disclosed in the Report of the directors of GAAP Logistics Pte Ltd."

CA 201(11B)

If there are no options to take up unissued shares during the financial year, the following should be disclosed:

"Options to take up unissued shares
During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted."

Source

Source	Guidance notes – Report of the directors (Continued)
CA 201(12)(a)	If no options were exercised during the financial year, the following should be disclosed: "Options exercised During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares."
CA 201(12)(b)	If there are no unissued shares under option at the end of the financial year, the following should be disclosed: "Unissued shares under option At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options."
CA 201B(1) CA 201B(9)	**6. Audit committee** Every listed company shall have an audit committee. For listed companies, the details and functions of the audit committee should be disclosed in the Report of the directors if the statutory accounts (which would not contain a section on corporate governance), rather than the annual report, is filed with the Accounting and Corporate Regulatory Authority of Singapore.
	7. Auditor The information on the auditor is not compulsory, but it is often disclosed.
CA 203(1) LM 707 CA 201(5) LM Appdx 2.2(10)	**8. Dating and signing of the Report of the Directors** The phrase "On behalf of the directors" is not necessary if the company only has 2 directors. The Report of the directors shall be made out not less than 14 days before the date of the company's annual general meeting ("AGM"). The report shall be made in accordance with a resolution of the board of directors, which will specify the day on which it is to be made out and be signed by 2 directors.
CA 201(1)(a), (b) CA 201(3A)(i), (ii)	AGMs should be held within 4 and 6 months of the end of each financial year for listed and non-listed companies respectively.

Statement of directors

Source

GAAP Singapore Ltd and its subsidiaries
Statement of directors

CA 201(15) CA 201(15)(a), (b) CA 201(15)(c)	In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 14 to 229 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 December 31, 2014, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.
CA 201(15)	On behalf of the directors

Ang Boey Chwee

Desmond Ee Fong Guan

January 31, 2015

Guidance note:

Section 201(15) of the Singapore Companies Act (the "Act") appears to require this statement to accompany the statutory financial statements of a company "**before** the auditor reports on the accounts" under Part VI of the Act. Consequently, this statement is presented before the auditors' report to the financial statements.

Independent auditors' report

Source

Deloitte.

SSA 700

Independent auditors' report to the members[(1)] of GAAP Singapore Ltd

SSA 700(21), (22)
SSA 700(23)

Report on the Financial Statements

We have audited the accompanying financial statements[(8)] of GAAP Singapore Ltd (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 December 31, 2014, and the consolidated statement profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information[(2)], as set out on pages 14 to 229.

SSA 700(24 to 27)
SSA 700(A22)

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (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)

Auditors' Responsibility

SSA 700(29), (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), (33)

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.

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

Independent auditors' report

Source

SSA 700(34)

Independent auditors' report to the members[(1)] of GAAP Singapore Ltd

SSA 700(35)

Opinion

CA 207(2)(a)

In our opinion the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2014 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the year ended on that date.[(3)]

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore[(6)(7)]

January 31, 2015[(4)]

Independent auditors' report

Source

Guidance notes – Auditors' Report

SSA 700(22)

1. Addressee

The Auditors' report should be appropriately addressed as required by the circumstances of the engagement and local regulations. The report is ordinarily addressed to the members of the company.

2. First year engagements

For first year engagements, the following shall be added after the opinion paragraph of the Auditors' Report if the financial statements for the preceding year were unqualified by the predecessor auditors:

Other Matters

SSA 710(17)
Illustration 3

"The financial statements of the company for the year ended December 31, 2013 were audited by another auditor (or firm of auditors) who expressed an unmodified opinion on those financial statements in their report dated Mm Dd, Yyyy"

If the predecessor auditors' opinion was modified, the following shall be added:

SSA 710(17)

"The financial statements for the year ended December 31, 2013 were audited by another auditor (or firm of auditors) whose report dated Mm Dd, Yyyy expressed a qualified opinion on those financial statements as follows:

<<Quote qualification by predecessor auditors>>"

3. For group and holding companies only

Where the complete set of financial statements of the company is also presented, the following opinion paragraphs would be appropriate:

Opinion

In our opinion, the consolidated financial statements of the group and the financial statements 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 December 31, 2014 and of the results, changes in equity and cash flows of the group and of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

4. Date of independent auditors' report

SSA 700(41)
CA 201(4A)
SSA 700(A39)

The auditor should date the report on the financial statements no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the opinion on the financial statements. The directors shall take reasonable steps to ensure that the accounts are audited not less than 14 days before the annual general meeting of the company. Since the auditor's opinion is provided on the financial statements and the financial statements are the responsibility of management, the auditor is not in a position to conclude that sufficient appropriate audit evidence has been obtained until the auditor obtains evidence that a complete set of financial statements has been prepared and management has accepted responsibility for them.

Source

Guidance notes – Auditors' Report (Continued)

5. Other specimens and modified reports

For other specimens and modified reports, please refer to SSA 705, SSA 706, SSA 710 and AGS 1.

SSA 700(42)

6. Auditor's address

The report should name a specific location, which is ordinarily the city where the auditor maintains the office that has responsibility for the audit.

LM 713(1)

7. Name of audit partner

The listing manual requires an issuer to disclose in its annual report the date of appointment and the name of the audit partner in charge of auditing the issuer and its group of companies. However, this information need not be in the audit report. For example, an issuer may typically disclose this information in the corporate information section of its annual report.

8. Terminology used in the Financial Statements

The use of titles of the Financial Statements such as "Statement of Profit or Loss and Other Comprehensive Income" is not mandatory. Other terminology, such as "Statement of Comprehensive Income" is also commonly used. Titles of the other statements such as "Balance Sheet" and "Statement of Financial Position", and "Cash Flow Statement" and "Statement of Cash Flows" may be used interchangeably. The reference from the Auditors' Report should be updated accordingly.

Statements of financial position

Source

Source		Note	Group December 31, 2014 $'000	Group December 31, 2013 $'000 (restated)	Group January 1, 2013 $'000 (restated)	Company December 31, 2014 $'000	Company December 31, 2013 $'000
FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**						
	Statements of financial position[6]						
	December 31, 2014						
CA 201.3A(a, b)							
FRS 1.51 (b), (c)			Group			Company	
FRS 1.10(a),(ea)							
LM 1207(5)(a), (b)							
FRS 1.38, 1.113		Note	December 31, 2014	December 31, 2013	January 1, 2013	December 31, 2014	December 31, 2013
FRS 1.51(d), (e)	**Assets**		$'000	$'000	$'000	$'000	$'000
FRS 8.28, 8.29, 8.42(a)				(restated)	(restated)		
FRS 1.60	**Current assets**						
FRS 1.66(d), 1.54(i)	Cash and cash equivalents	7	10,759	1,175	1,002	-	-
FRS 1.66(a, c), 1.54(h)	Trade and other receivables	8	127,916	123,656	78,114	2,074	647
FRS 1.55	Finance lease receivables	10	54,713	49,674	40,268	89,371	55,895
FRS 1.55	Held for trading investments	11	11,988	11,125	2,087	-	-
FRS 1.55	Held-to-maturity financial assets[5]	12	25,255	18,605	11,804	-	-
FRS 1.55	Derivative financial instruments	13	2,436	2,938	1,315	-	-
FRS 1.66(a, c), 1.54(g)	Inventories	14	117,693	108,698	78,670	-	-
			350,760	315,871	213,260	91,445	56,542
FRS 1.66(b), 1.54(j)	Assets classified as held for sale	15	1,922	-	-	-	-
	Total current assets		352,682	315,871	213,260	91,445	56,542
FRS 1.60	**Non-current assets**						
FRS 1.54(a)	Property, plant and equipment	16	657,905	566,842	559,739	-	-
FRS 1.54(b)	Investment property	17	12,000	11,409	11,299	-	-
FRS 1.55	Goodwill	18	4,038	2,538	2,754	-	-
FRS 1.54(c)	Other intangible assets	19	26,985	21,294	3,523	-	-
FRS 1.55	Subsidiaries[1]	20	-	-	-	111,650	110,000
FRS 1.54(e)	Associates[3]	21	45,060	12,274	16,216	-	-
FRS 1.55	Joint venture[3]	22	3,946	3,662	3,420	-	-
FRS 1.55	Available-for-sale investments	23	20,232	23,215	25,062	-	-
FRS 1.55	Other financial assets at fair value through profit or loss	24	1,018	1,000	975	-	-
FRS 1.55	Held-to-maturity financial assets[5]	25	2,293	2,694	3,095	-	-
FRS 1.55	Finance lease receivables	10	114,937	104,489	125,838	-	-
FRS 1.55	Derivative financial instruments	13	2,602	-	-	-	-
FRS 1.54(o), 1.56	Deferred tax assets	26	5,006	3,291	2,856	117	-
	Total non-current assets		896,022	752,708	754,777	111,767	110,000
	Total assets		1,248,704	1,068,579	968,037	203,212	166,542

Statements of financial position

Source

FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**							
CA 201.3A(a, b)	**Statements of financial position (Continued)**							
FRS 1.51 (b), (c)	**December 31, 2014**							
			Group			Company		
	Liabilities and equity	Note	December 31, 2014 $'000	December 31, 2013 $'000 (restated)	January 1, 2013 $'000 (restated)	December 31, 2014 $'000	December 31, 2013 $'000
	Current liabilities						
FRS 1.60	Bank overdrafts and loans	27	94,307	78,686	17,829	-	-
FRS 1.55	Trade and other payables	28	191,429	134,412	105,320	3,044	4,534
FRS 1.55, 1,54(k)	Finance leases	29	1,470	1,483	1,496	-	-
FRS 1.55	Derivative financial instruments	13	273	-	-	-	-
FRS 1.55	Provisions	30	6,432	2,065	4,385	-	-
FRS 1.54(l)	Income tax payable		8,269	1,986	1,612	-	-
FRS 1.54(n)			302,180	218,632	130,642	3,044	4,534
FRS 1.54(p)	Liabilities directly associated with assets classified as held for sale	15	247	-	-	-	-
	Total current liabilities		302,427	218,632	130,642	3,044	4,534
	Non-current liabilities						
FRS 1.60	Bank loans	27	360,299	452,415	432,951	-	-
FRS 1.55	Convertible loan notes	31	24,327	-	-	24,327	-
FRS 1.55	Retirement benefit obligations	32	33,928	38,474	61,446	-	-
FRS 1.55	Finance leases	29	923	1,244	2,363	-	-
FRS 1.55	Share-based payments	33	6,528	3,516	-	6,528	3,516
FRS 1.55	Other payables	28	75	-	-	-	-
FRS 1.55	Provisions	30	2,118	-	-	-	-
FRS 1.54(l)	Deferred tax liabilities	26	15,447	5,772	4,350	4,407	3,052
FRS 1.54(o), 1.56	Total non-current liabilities		443,645	501,421	501,110	35,262	6,568
FRS 1.54(r)	**Capital, reserves and non-controlling interests**						
	Share capital	34	158,098	152,098	152,098	158,098	158,098
FRS 1.78(e)	Treasury shares	35	(500)	-	-	(500)	-
FRS 1.55	Capital reserves	36	4,633	1,202	-	4,883	1,202
FRS 1.55	Revaluation reserves	37	94,598	33,941	38,409	-	-
FRS 1.55	Hedging and translation reserves	38	(11,109)	508	(2,808)	-	-
FRS 1.55	Retained earnings		252,327	158,201	146,107	2,425	2,140
FRS 1.55	Equity attributable to owners of the company		498,047	345,950	333,806	164,906	155,440
FRS 1.55	Non-controlling interests		4,585	2,576	2,479	-	-
FRS 1.54(q), 27.27	Total equity		502,632	348,526	336,285	164,906	155,440
	Total liabilities and equity		1,248,704	1,068,579	968,037	203,212	166,542

See accompanying notes to financial statements

Statements of financial position

Source

Source	
	Guidance notes – Statements of financial position
FRS 110.4(a) CA 201.3A(a, b) CA 201(3BA)	**1. Exemption from presenting consolidated financial statements** A parent shall consolidate all subsidiaries in its consolidated statement of financial position. A parent is exempted from presenting consolidated financial statements if and only if the following conditions are all met: a. The parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements; b. The parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); c. The parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and d. The ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use.
FRS 27.16	If a parent company satisfies all the above conditions and elects not to present consolidated financial statements, it shall disclose the following: a. The fact that the financial statements are separate financial statements; b. That the exemption from consolidation has been used; c. The name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements have been produced for public use; d. The address where those consolidated financial statements are obtainable; e. A list and description of significant investments in subsidiaries, joint ventures and associates, including the name, country of incorporation and principal place of business (and country of incorporation, if different), proportion of ownership interest and, if different, proportion of voting power held; and f. The method used to account for investments listed under (e).
FRS 110.4(a)(iv)	FRS 27 departs from IAS 27 in that, to qualify for exemption under FRS 110.4(a), the consolidated financial statements prepared by the ultimate or any intermediate parent of the company available for public use need not comply with International Financial Reporting Standards or Singapore Financial Reporting Standards. The following disclosure should be included in the notes on the summary of significant accounting policies:
FRS 27.16(a)	*"CONSOLIDATED FINANCIAL STATEMENTS – The financial statements of the subsidiaries have not been consolidated with the company's financial statements as the company itself is a wholly-owned subsidiary of (name of holding company), incorporated in (country of holding company), which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.* *The registered address of (name of holding company) is (address of holding company).* *Investments in subsidiaries in the financial statements of the company are stated at cost, less any impairment in recoverable value."*

Statements of financial position

Source	
	Guidance notes – Statements of financial position (Continued)
	2. Investment Entities
FRS 110.4(c) FRS 110.31	An investment entity need not present consolidated financial statements or apply FRS 103 when it obtains control of another entity, instead, the entity shall measure the investment in subsidiaries at fair value through profit or loss.
FRS 110.32	If an investment entity has a subsidiary that provides services that relate to the investment entity's investment activities, it shall consolidate that subsidiary in accordance with paragraphs 19–26 of FRS 110 and apply the requirements of FRS 103 to the acquisition of any such subsidiary.
FRS 110.33	A parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.
FRS 28.17 FRS 111.24	**3. Exemption from equity accounting for joint ventures and associates** A company shall equity account for all joint ventures and associates. A company is exempted from equity accounting for joint ventures and associates if and only if in the following circumstances or the following conditions are all met:
FRS 28.20	a. The investment is classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* and are accounted for in accordance with FRS 105;
FRS 28.18	b. The company is a venture capital organisation, mutual fund, unit trust or similar entity, including investment-linked insurance funds, that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with FRS 39; or
FRS 28.17	c. If all of the following apply: i. The investor is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the investor not applying the equity method; ii. The investor's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); iii. The investor did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market; and iv. The ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use.

Statements of financial position

Source

Source	
	Guidance notes – Statements of financial position (Continued)
FRS 1.39	**4. Restatements and reclassifications** FRS 1.39 states that when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes.
FRS 1(2013).40A-40D	As part of the 2013 Annual Improvements to FRS, FRS 1 *Presentation of Financial Statements* has been revised to provide guidance on when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes should be presented in the financial statements. Based on the amendments, an entity is required to present a third statement of financial position if: a. It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and b. The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third statement of financial position.
FRS 1.41 FRS 1.42	Other than disclosures of certain specified information as required by FRS 1.41 to FRS 1.44 and FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the related notes to the third statement of financial position are not required to be disclosed. Where the presentation or classification of items in the statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the nature of the reclassification, the amount of each item or class of items that is reclassified and the reason for the reclassification (See Note 57 to the Illustrative Financial Statements for a sample disclosure format as required by FRS 1.41).

Statements of financial position

Source

Guidance notes – Statements of financial position (Continued)

FRS 1.55

5. Presentation of financial instruments in the statement of financial position

FRS 1.54 and FRS 107.8 do not require separate line items for held-for-trading investments, held-to-maturity financial assets, derivative financial instruments, available-for-sale investments and other financial assets at FVTPL. Hence, it is acceptable to combine them into one line item on the statement of financial position with details in a note. However, depending on the significance of these items, each can be separately shown as a line item respetively as illustrated in these illustrative financial statements.

FRS 107.8

FRS 107.8 requires the carrying amounts of each of the following categories as defined in FRS 39, to be disclosed either in the statement of financial position or in the notes [see illustration in Note 4(a)]:

a. Financial assets at FVTPL, showing separately (i) those designated upon initial recognition and (ii) those classified as held-for-trading;
b. Held-to-maturity investments;
c. Loans and receivables;
d. Available-for-sale financial assets;
e. Financial liabilities at FVTPL, showing separately (i) those designated as such upon initial recognition and (ii) those classified as held-for-trading; and
f. Financial liabilities measured at amortised cost.

6. Terminology used in the Financial Statements

The use of titles of the Financial Statements such as "Statement of Financial Position" is not mandatory. The use of "Balance Sheet" and "Statement of Financial Position" may be used interchangeably. The reference in the Auditors' Report should be updated accordingly.

Consolidated statement of profit or loss and other comprehensive income

Source

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**			
	Consolidated statement of profit or loss and other comprehensive income[12]			
FRS 1.10(b), 1.51(b)	**Year ended December 31, 2014**			
FRS 1.51(c)				
LM 1207(5)(a)				
CA 201.3A(a)				
FRS 1.113				
FRS 1.51(d), (e)				
	Continuing operations			
FRS 1.82(a)	Revenue	40	1,064,660	728,250
FRS 1.85	Other operating income		9,892	6,745
FRS 1.99	Changes in inventories of finished goods and work in progress[2]		4,026	4,432
FRS 1.99	Raw materials and consumables used[2]		(667,794)	(460,961)
FRS 1.99	Employee benefits expense[2]	47	(220,299)	(188,809)
FRS 1.99	Depreciation and amortisation expense[2]	47	(35,304)	(17,238)
FRS 1.99	Other operating expenses[2]		(29,430)	(22,586)
FRS 1.82(c)	Share of profit of associates and joint venture		12,763	983
FRS 1.85	Investment revenue	42	3,501	717
FRS 1.85	Other gains and losses[9]	43	120	(50)
FRS 1.82(b)	Finance costs	44	(36,870)	(31,613)
FRS 1.85	Profit before tax		105,265	19,870
FRS 1.82(d)	Income tax expense	45	(16,166)	(3,810)
FRS 1.85	Profit for the year from continuing operations		89,099	16,060
	Discontinued operation[5]			
FRS 1.82(ea)				
FRS 105.33(a)	Profit for the year from discontinued operation	46	10,676	4,171
FRS 1.81A(a)	**Profit for the year**	47	99,775	20,231

Consolidated statement of profit or loss and other comprehensive income

[Alt 1]

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
FRS 1.91(b)	**Other comprehensive income**[3][4][11]			
FRS 1.82A(a)	*Items that will not be reclassified subsequently to profit or loss*			
	Revaluation of property	39	64,709	(4,428)
	Remeasurement of defined benefit obligation	32	-	-
	Income tax relating to components of other comprehensive income that will not be reclassified subsequently	39	(3,692)	320
			61,017	(4,108)
FRS 1.82A(b)	*Items that may be reclassified subsequently to profit or loss*			
	Cash flow hedges	39	510	610
	Available-for-sale investments	39	(360)	(360)
	Exchange differences on translation of foreign operations	39	(12,127)	2,706
	Income tax relating to components of other comprehensive income that may be reclassified subsequently	45	-	-
			(11,977)	2,956
FRS 1.81A(b)	**Other comprehensive income for the year, net of tax**		49,040	(1,152)
FRS 1.81A(c)	**Total comprehensive income for the year**		148,815	19,079

Consolidated statement of profit or loss and other comprehensive income

[Alt 1]

Source

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
	Profit attributable to:			
FRS 1.81B(a)(ii)	Owners of the company		99,166	20,134
FRS 1.81B(a)(i)	Non-controlling interests		609	97
			99,775	20,231
	Total comprehensive income attributable to:			
	Owners of the company		148,206	18,982
FRS 1.81B(b)(ii)	Non-controlling interests		609	97
FRS 1.81B(b)(i)			148,815	19,079
	Earnings per share[6]	49		
	From continuing and discontinued operations:			
FRS 33.66	Basic		82.6 cents	16.8 cents
FRS 33.66	Diluted		59.1 cents	16.6 cents
	From continuing operations:			
FRS 33.66	Basic		73.7 cents	13.4 cents
FRS 33.66	Diluted		52.8 cents	13.2 cents

See accompanying notes to financial statements

Consolidated statement of profit or loss and other comprehensive income

[Alt 1]

Source

Note: The amendments to FRS 1 issued during August 2013 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to FRS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. Use of the new terminology is not mandatory.

One statement vs. two statements

The amendments to FRS 1 retain the option to present profit or loss and other comprehensive income (OCI) in either a single statement or in two separate but consecutive statements. Alt 1 above illustrates the presentation of profit or loss and OCI in one statement. Alt 2 (see the following pages) illustrates the presentation of profit or loss and OCI in two separate but consecutive statements.

Whichever presentation approach is adopted, the distinction is retained between items recognised in profit or loss and items recognised in OCI. Under both approaches, profit or loss, total OCI, as well as comprehensive income for the period (being the total of profit or loss and OCI) should be presented. Under the two-statement approach, the separate statement of profit or loss ends at 'profit for the year', and this 'profit for the year' is then the starting point for the statement of profit or loss and other comprehensive income, which is required to be presented immediately following the statement of profit or loss. In addition, the analysis of 'profit for the year' between the amount attributable to the owners of the company and the amount attributable to non-controlling interests is presented as part of the separate statement of profit or loss.

OCI: items that may or may not be reclassified

Irrespective of whether the one-statement or the two-statement approach is followed, the items of OCI should be classified by nature and grouped into those that, in accordance with other FRSs:

a. Will not be reclassified subsequently to profit or loss; and

b. May be reclassified subsequently to profit or loss when specific conditions are met.

Consolidated statement of profit or loss

[Alt 2]

Source

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**			
FRS 1.10A, 1.51(b)	**Consolidated statement of profit or loss**			
FRS 1.51(c)	**Year ended December 31, 2014**			
LM 1207(5)(a) CA 201.3A(a) FRS 1.113 FRS 1.51(d), (e)				
	Continuing operations			
FRS 1.82(a)	Revenue	40	1,064,660	728,250
FRS 1.85	Other operating income		9,892	6,745
FRS 1.99	Changes in inventories of finished goods and work in progress[(2)]		4,026	4,432
FRS 1.99	Raw materials and consumables used[(2)]		(667,794)	(460,961)
FRS 1.99	Employee benefits expense[(2)]	47	(220,299)	(188,809)
FRS 1.99	Depreciation and amortisation expense[(2)]	47	(35,304)	(17,238)
FRS 1.99	Other operating expenses[(2)]		(29,430)	(22,586)
FRS 1.82(c)	Share of profit of associates and joint venture		12,763	983
FRS 1.85	Investment revenue	42	3,501	717
FRS 1.85	Other gains and losses[(9)]	43	120	(50)
FRS 1.82(b)	Finance costs	44	(36,870)	(31,613)
FRS 1.85	Profit before tax		105,265	19,870
FRS 1.82(d)	Income tax expense	45	(16,166)	(3,810)
FRS 1.85	Profit for the year from continuing operations		89,099	16,060
	Discontinued operation[(5)]			
FRS 1.82(ea)	Profit for the year from discontinued operation	46	10,676	4,171
FRS 1.81A(a)	**Profit for the year**	47	99,775	20,231

Consolidated statement of profit or loss

[Alt 2]

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
	Profit attributable to:			
FRS 1.81B(a)(ii)	Owners of the company		99,166	20,134
FRS 1.81B(a)(i)	Non-controlling interests		609	97
			99,775	20,231
FRS 33.67A	**Earnings per share[6]**	49		
	From continuing and discontinued operations:			
FRS 33.66	Basic		82.6 cents	16.8 cents
FRS 33.66	Diluted		59.1 cents	16.6 cents
	From continuing operations:			
FRS 33.66	Basic		73.7 cents	13.4 cents
FRS 33.66	Diluted		52.8 cents	13.2 cents

See accompanying notes to financial statements

Consolidated statement of profit or loss and other comprehensive income

[Alt 2]

Source

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**			
FRS 1.10A, 1.51(b) FRS 1.51(c) LM 1207(5)(a) CA 201.3A(a) FRS 1.113 FRS 1.51(d), (e)	**Consolidated statement of profit or loss and other comprehensive income[12]** **Year ended December 31, 2014**			
	Profit for the year	47	99,775	20,231
FRS 1.10A	**Other comprehensive income[3][4][11]:**			
FRS 1.82A(a)	*Items that will not be reclassified subsequently to profit or loss*			
	Revaluation of property	39	64,709	(4,428)
	Remeasurement of defined benefit obligation		-	-
FRS 1.91(b)	Income tax relating to components of other comprehensive income that will not be reclassified subsequently	39	(3,692)	320
			61,017	(4,108)
FRS 1.82A(b)	*Items that may be reclassified subsequently to profit or loss*			
	Cash flow hedges	39	510	610
	Available-for-sale investments	39	(360)	(360)
	Exchange differences on translation of foreign operations	39	(12,127)	2,706
FRS 1.91(b)	Income tax relating to components of other comprehensive income that may be reclassified subsequently	45	-	-
			(11,977)	2,956
FRS 1.81A(b)	**Other comprehensive income for the year, net of tax**		49,040	(1,152)
FRS 1.81A(c)	**Total comprehensive income for the year**		148,815	19,079
	Total comprehensive income attributable to:			
FRS 1.81B(b)(ii)	Owners of the company		148,206	18,982
FRS 1.81B(b)(i)	Non-controlling interests		609	97
			148,815	19,079

See accompanying notes to financial statements

Consolidated statement of profit or loss and other comprehensive income

Source

Guidance notes – Consolidated Statement of Profit or Loss and Other Comprehensive Income:

CA 201.3A
CA 201.3A(b)
LM 1207(5)(b)
CA 201.3BA

1. Statement of Profit or loss and Other comprehensive income and statement of cash flows
Where consolidated financial statements are required, the statement of profit or loss and other comprehensive income and statement of cash flows of the company need not be presented. However, the statement of financial position of the company has to be presented. If consolidated financial statements are not required, for reasons such as exemption under FRS 27.10, the statement of profit or loss and other comprehensive income and statement of cash flows of the company shall be presented.

FRS 1.99

2. Alternative formats of the analysis of expenses recognised in profit or loss
The entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function, whichever provides information that is reliable and more relevant. The formats outlined under Alt 1 and Alt 2 above aggregate expenses according to their nature. The format outlined below aggregates expenses according to their function (FRS 1.99)

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
	Continuing operations			
FRS 1.82(a)	Revenue	40	1,064,660	728,250
FRS 1.99	Cost of sales		(697,027)	(552,343)
FRS 1.85	Gross profit		367,633	175,907
FRS 1.85	Other operating income		9,892	6,745
FRS 1.99	Distribution costs		(96,298)	(45,609)
FRS 1.99	Administrative expenses		(132,076)	(69,486)
FRS 1.99	Other operating expenses		(40,893)	(17,724)
FRS 1.82(c)	Share of profit of associates and joint venture		1,300	983
FRS 1.85	Investment revenue	42	3,501	717
FRS 1.85	Other gains and losses(9)	43	120	(50)
FRS 1.82(b)	Finance costs	44	(36,870)	(31,613)
FRS 1.85	Profit before tax		105,265	19,870
FRS 1.82(d)	Income tax expense	45	(16,166)	(3,810)
FRS 1.85	Profit for the year from continuing operations		89,099	16,060
	Discontinued operation(5)			
FRS 1.82(ea)	Profit for the year from discontinued operation	46	10,676	4,171
FRS 1.81A(a)	**Profit for the year**	47	99,775	20,231

Consolidated statement of profit or loss and other comprehensive income

Source

Guidance notes – Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

Source		Note	Group 2014 $'000	Group 2013 $'000 (restated)
	Attributable to:			
FRS 1.81B(b)(ii)	Owners of the company		99,166	20,134
FRS 1.81B(b)(i)	Non-controlling interests		609	97
			99,775	20,231

3. Alternative presentation for components of other comprehensive income

The company may present components of other comprehensive income either before related tax effects with one amount shown for the aggregate amount of income tax relating to those components (as shown in the preceding pages or net of related tax effects as shown below:

Source		2014 $'000	2013 $'000
FRS 1.91	**Other comprehensive income, after tax:**		
	Items that will not be reclassified subsequently to profit or loss		
	Revaluation of property	61,017	(4,108)
		61,017	(4,108)
	Items that may be reclassified subsequently to profit or loss		
	Cash flow hedges	510	610
	Available-for-sale investments	(360)	(360)
	Exchange differences on translation of foreign operations	(12,127)	2,706
		(11,977)	2,956
	Other comprehensive income for the year, net of tax	49,040	(1,152)

Whichever option is selected, the income tax relating to each component of comprehensive income must be disclosed, either in the statement of comprehensive income or in the notes (see Note 45).

Consolidated statement of profit or loss and other comprehensive income

Source

Guidance notes – Consolidated Statement of Profit or loss and Other Comprehensive Income (Continued)

FRS 1.90

4. Components of other comprehensive income and reclassification adjustments

For reclassification adjustments, an aggregated presentation can be adopted, with separate disclosure of the current year gain or loss and reclassification adjustments in the notes. The above shows an aggregated presentation of components of comprehensive income. Note 39 shows the amounts for reclassification adjustments and any current year gain or losses.

Alternatively, using a disaggregated presentation, the current year gain or loss and reclassification adjustments can be shown separately in the statement of comprehensive income.

FRS 1.94

An entity may present the analysis of reclassification adjustments in other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements.

FRS 105.33A

5. Discontinued operations

If an entity presents the components of profit or loss in a separate statement as described in FRS 1.10A i.e. Alt 2, a section identified as relating to discontinued operations is presented in that statement.

FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* specifies the disclosures required in respect of assets (or disposal groups) classified as held for sale or discontinued operations. Consequently, disclosures in other FRSs do not apply to such assets (or disposal groups) unless:

- Those FRSs specifically require disclosures in respect of noncurrent assets (or disposal groups) classified as held for sale or discontinued operations; or
- The disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of FRS 105's measurement requirements and the information is not disclosed elsewhere in the financial statements.

For earnings per share on discontinued operations, please see 6 below.

Consolidated statement of profit or loss and other comprehensive income

Source

Guidance notes – Consolidated Statement of Profit or loss and Other Comprehensive Income (Continued)

6. Earnings per share

FRS 33.66
FRS 33.67A
FRS 33.66
FRS 33.69

The company should present both basic and diluted earnings per share on the statement of comprehensive income for each class of ordinary shares that has a different right to share in the net profit for the year. If a company presents the components of profit or loss in a separate statement as described in FRS 1.10A i.e. Alt 2, it presents basic and diluted earnings per share only in that separate statement. An entity shall present basic and diluted earnings per share with equal prominence for all periods presented, even should the amounts disclosed be the same or be negative.

FRS 33.68
FRS 33.68A

Where the company reports a discontinued operation, it shall disclose the basic and diluted earnings per share in the statement of comprehensive income or in the notes to the financial statements. If an entity presents the components of profit or loss in a separate statement as described in FRS 1.10A i.e. Alt 2, it presents basic and diluted earnings per share for the discontinued operation, in that separate statement or in the notes.

FRS 33.12 requires that basic and diluted earnings per share be computed based on the amounts attributable to ordinary owners of the parent entity in respect of (a) profit or loss from continuing operations attributable to the parent entity; and (b) profit or loss attributable to the parent entity.

Voluntary "per-share" disclosures

Entities may voluntarily disclose per share amounts for other components of total comprehensive income or separate income statement, subject to the requirements of paragraphs 73 and 73A of FRS 33 i.e. provided that:

- Such amounts are calculated using the weighted average number of ordinary shares determined in accordance with FRS 33;
- Basic and diluted amounts per share relating to such a component are disclosed with equal prominence and presented in the notes; and
- The entity discloses the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax.

If a component of the statement of comprehensive income (or separate statement as described in FRS 1.10A) is used that is not reported as a line item in the statement of comprehensive income (or separate statement as described in FRS 1.10A), a reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income (or separate statement as described in FRS 1.10A).

Consolidated statement of profit or loss and other comprehensive income

Source

Guidance notes – Consolidated Statement of Profit or loss and Other Comprehensive Income (Continued)

FRS 1.38

7. Financial years of different lengths

Where the length of the current financial year is of a different timeframe from the comparative financial year, additional disclosure is required in the Notes to Financial Statements to highlight the fact that the amounts disclosed are not comparable. The following should be disclosed in the notes:

"COMPARATIVE FIGURES
The financial statements for 2014 covered the period from July 1, 2013 to December 31, 2014.

The financial statements for 2013 covered the twelve months ended June 30, 2013."

FRS 1.41

8. Reclassifications and restatements

Where the presentation or classification of items in the statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the nature of the reclassification, the amount of each item or class of items that is reclassified and the reason for the reclassification (See Note 57 to the Illustrative Financial Statements for a sample disclosure format as required by FRS 1.41).

FRS 1.85

FRS 1.86

9. Additional disclosures

Additional line items, headings and subtotals should be presented in the statement of comprehensive income and the separate income statement (if presented under Alt 2), when such presentation is relevant to an understanding of the entity's financial performance. When items of income and expense are material, their nature and amount shall be disclosed separately.

FRS 1.87

10. Extraordinary items

The company shall not present any items of income and expense as extraordinary items, either in the statement of comprehensive income or the separate income statement (if presented under Alt 2), or in the notes.

FRS 1.82A

11. Share of other comprehensive income of associates and joint ventures accounted for using the equity method

FRS 1.82A requires disclosure of the share of other comprehensive income of associates and joint ventures accounted for using the equity method, if any, on the statement of comprehensive income.

12. Terminology used in the Financial Statements

The use of titles of the Financial Statements such as "Statement of Profit or Loss and Other Comprehensive Income" is not mandatory. The reference in the Auditors' Report should be updated accordingly.

13.Reference to consolidated statement of profit or loss and other comprehensive income

The notes to the financial statements of the illustrative financial statements hereafter will be based on Alternative 1. Reference will be made to the consolidated statement of profit or loss and other comprehensive income, as applicable.

Statements of changes in equity

Source

FRS 1.51(a) **GAAP Singapore Ltd and its subsidiaries**

FRS 1.10(c) **Statements of changes in equity**
FRS 1.51(b) **Year ended December 31, 2014**
FRS 1.51(c)

Group

Source		Share capital	Treasury shares	Equity reserves	Share options reserves	Property revaluation reserves	Investments revaluation reserves	Translation reserves	Hedging reserves	Retained earnings	Attributable to equity holders of the company	Non-controlling interests	Total
FRS 1.51(d), (e)		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		(Note 34)	(Note 35)	(Note 36)	(Note 36)	(Note 37)	(Note 37)	(Note 38)	(Note 38)				
FRS 1.106(d)	**Balance at January 1, 2013 (as previously reported)**	152,098	-	-	-	37,977	432	(5,098)	2,290	146,107	333,806	1,550	335,356
	Adjustments (see Note 2)	-	-	-	-	-	-	-	-	-	-	929	929
	Balance at January 1, 2013 (restated)	152,098	-	-	-	37,977	432	(5,098)	2,290	146,107	333,806	2,479	336,285
FRS 1.106(a)	Total comprehensive income for the year												
FRS 1.106(d)(i)	Profit for the year	-	-	-	-	-	-	-	-	20,134	20,134	97	20,231
FRS 1.106(d)(ii)	Other comprehensive income for the year	-	-	-	-	(4,108)	(360)	2,706	610	-	(1,152)	-	(1,152)
	Total	-	-	-	-	(4,108)	(360)	2,706	610	20,134	18,982	97	(19,079)
FRS 1.106(d)(iii)	Transactions with owners, recognised directly in equity												
FRS 1.106(d)(iii)	Recognition of share-based payments	-	-	-	1,202	-	-	-	-	-	1,202	-	1,202
FRS 1.106(d)(iii)	Dividends	-	-	-	-	-	-	-	-	(8,040)	(8,040)	-	(8,040)
FRS 1.107	Income tax relating to transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	1,202	-	-	-	-	(8,040)	(6,838)	-	(6,838)
FRS 1.106(d)	**Balance at December 31, 2013 (restated)**	152,098	-	-	1,202	33,869	72	(2,392)	2,900	158,201	345,950	2,576	348,526

Statements of changes in equity

Source

FRS 1.51(a) **GAAP Singapore Ltd and its subsidiaries**

FRS 1.10(c) **Statements of changes in equity (Continued)**
FRS 1.51(b) **Year ended December 31, 2014**
FRS 1.51(c)

Group

Source		Share capital	Treasury shares	Equity reserves	Share options reserves	Property revaluation reserves	Investments revaluation reserves	Translation reserves	Hedging reserves	Retained earnings	Attributable to equity holders of the company	Non-controlling interests	Total
FRS 1.51(d), (e)		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		(Note 34)	(Note 35)	(Note 36)	(Note 36)	(Note 37)	(Note 37)	(Note 38)	(Note 38)				
FRS 1.106(a)	Total comprehensive income for the year												
FRS 1.106(d)(i)	Profit for the year	-	-	-	-	-	-	-	-	99,166	99,166	609	99,775
FRS 1.106(d)(ii)	Other comprehensive income for the year	-	-	-	-	61,017	(360)	(12,127)	510	-	49,040	-	49,040
	Total	-	-	-	-	61,017	(360)	(12,127)	510	99,166	148,206	609	148,815
FRS 1.106(d)(iii)	Transactions with owners, recognised directly in equity												
FRS 1.106(d)(iii)	Non-controlling interest arising from acquisition of a subsidiary (Note 51.3)	-	-	-	-	-	-	-	-	-	-	1,500	1,500
FRS 1.106(d)(iii)	Effects of acquiring part of non-controlling interests in a subsidiary	-	-	(250)	-	-	-	-	-	-	(250)	(100)	(350)
FRS 1.106(d)(iii)	Recognition of equity component of convertible loan notes	-	-	995	-	-	-	-	-	-	995	-	995
FRS 1.106(d)(iii)	Deferred tax liability on recognition of equity component of convertible loan notes	-	-	(174)	-	-	-	-	-	-	(174)	-	(174)
FRS 1.106(d)(iii)	Recognition of share-based payments	-	-	-	2,860	-	-	-	-	-	2,860	-	2,860
FRS 1.107	Dividends	-	-	-	-	-	-	-	-	(5,040)	(5,040)	-	(5,040)
FRS 1.106(d)(iii)	Issue of share capital	6,000	-	-	-	-	-	-	-	-	6,000	-	6,000
FRS 1.106(d)(iii)	Repurchase of shares	-	(500)	-	-	-	-	-	-	-	(500)	-	(500)
FRS 1.106(d)(iii)	Income tax relating to transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-
	Total	6,000	(500)	571	2,860	-	-	-	-	(5,040)	3,891	1,400	5,291
FRS 1.106(d)	**Balance at December 31, 2014**	158,098	(500)	571	4,062	94,886	(288)	(14,519)	3,410	252,327	498,047	4,585	502,632

Statements of changes in equity

Source

FRS 1.51(a) — **GAAP Singapore Ltd and its subsidiaries**

FRS 1.10(c) — **Statements of changes in equity**
FRS 1.51(b) — **Year ended December 31, 2013**
FRS 1.51(c)

Company

Source		Share capital	Treasury shares	Equity reserves	Share options reserves	Retained earnings	Total
FRS 1.51(d), (e)		$'000	$'000	$'000	$'000	$'000	$'000
		(Note 34)	(Note 35)	(Note 36)	(Note 36)		
FRS 1.106(d)	**Balance at January 1, 2013**	152,098	-	-	-	1,819	153,917
FRS 1.106(d)(i)	Profit for the year, representing total comprehensive income for the year	-	-	-	-	8,361	8,361
FRS 1.106(d)(ii)	Transactions with owners, recognised directly in equity						
FRS 1.106(d)(iii)	Recognition of share-based payments	-	-	-	1,202	-	1,202
FRS 1.107	Dividends	-	-	-	-	(8,040)	(8,040)
	Income tax relating to transactions with owners	-	-	-	-	-	-
FRS 1.106(a)	Total	-	-	-	1,202	(8,040)	(6,838)
FRS 1.106(d)	**Balance at December 31, 2013**	152,098	-	-	1,202	2,140	155,440
FRS 1.106(d)(i),(ii)	Profit for the year, representing total comprehensive income for the year	-	-	-	-	5,325	5,325
FRS 1.106(d)(iii)	Transactions with owners, recognised directly in equity						
FRS 1.106(d)(iii)	Recognition of equity component of convertible loan notes	-	-	995	-	-	995
FRS 1.106(d)(iii)	Deferred tax liability on recognition of equity component of convertible loan notes	-	-	(174)	-	-	(174)
FRS 1.106(d)(iii)	Recognition of share-based payments	-	-	-	2,860	-	2,860
FRS 1.107	Dividends	-	-	-	-	(5,040)	(5,040)
FRS 1.106(d)(iii)	Issue of share capital	6,000	-	-	-	-	6,000
FRS 1.106(d)(iii)	Repurchase of shares	-	(500)	-	-	-	(500)
FRS 1.106(d)(iii)	Income tax relating to transactions with owners	-	-	-	-	-	-
FRS 1.106(a)	Total	6,000	(500)	821	2,860	(5,040)	4,141
FRS 1.106(d)	**Balance at December 31, 2014**	158,098	(500)	821	4,062	2,425	164,906

Statements of changes in equity

Source

Guidance notes – Statement of Changes in Equity

1. Level of detail presented in the statement of changes in equity

FRS 1.106A

An entity may present the analysis of other comprehensive income by item for each component of equity either in the statement of changes in equity or in the notes to the financial statements (See Note 37 and Note 38). FRS 1 also allows that some of the details regarding items of other comprehensive income (income tax and reclassification adjustments) may be disclosed in the notes (See Note 39 and Note 45) rather than in the statement of comprehensive income.

FRS 1.79

FRS 1 also permits the description of the nature and purpose of each reserve within equity to be presented either in the statement of financial position or the statement of changes in equity, or in the notes (See Notes 34 to 39).

Entities will determine the most appropriate presentation for their circumstances – electing to present much of the detail in the notes (as presented in these illustrative financial statements) ensures that the primary financial statements are not cluttered by unnecessary detail.

Whichever presentation is selected, entities will need to ensure that the following requirements are met:

- Detailed reconciliations are required for each class of share capital (in the statement of changes in equity or in the notes) – See Note 34;
- Detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each component of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes) – In this illustrative financial statements, details of non-owner changes in equity are available from the income statement/statement of comprehensive income and Note 39; and details of owner changes in equity are available from the statements of changes in equity itself;
- The amount of income tax relating to each component of other comprehensive income should be disclosed (in the statement of comprehensive income or in the notes) – See Note 45; and
- Reclassification adjustments should be presented separately from the related component of other comprehensive income (in the statement of comprehensive income or in the notes) – See Note 39.

Statements of changes in equity

Source

Guidance notes – Statement of Changes in Equity (Continued)

2. Changes in accounting policy

FRS 1.106(b)
FRS 8.22

If a new accounting policy is adopted during the year, a sample disclosure of the effects of retrospective application on the opening balance of each affected component of equity for the earliest prior period presented (i.e. January 1, 2013) on the statement of changes in equity is as follows:

	Share capital	Treasury shares	Equity reserves	Share options reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
	(Note 34)	(Note 35)	(Note 36)	(Note 36)		
Balance at January 1, 2013	152,098	-	-	-	1,819	153,917
Effects of adopting amendments to FRS 110 [Note X]	-	-	-	-	[XXX]	[XXX]
Balance at January 1, 2013 (as restated)	152,098	-	-	-	[XXX]	[XXX]
Total comprehensive income (as restated) [Note X]	-	-	-	-	[XXX]	[XXX]

Consolidated Statement of cash flows

[Alt 1]

LM 1207(5)(c)	**GAAP Singapore Ltd and its subsidiaries**			
FRS 1.51(a)				
	Consolidated Statement of cash flows[7]			
FRS 1.10(d), 1.51(b)	**Year ended December 31, 2014**			
FRS 1.51(c)				
			Group	
FRS 1.113		Note	2014	2013
FRS 1.51(d), (e)			$'000	$'000
				(Restated)
FRS 7.10				
FRS 7.18(a)				
	Operating activities			
	Cash receipts from customers		1,070,200	854,919
	Cash paid to suppliers and employees		(862,381)	(819,496)
FRS 7.35	Cash generated from operations		207,819	35,423
FRS 7.31				
	Income taxes refund (paid)		14,096	(2,129)
	Interest paid		(37,363)	(32,995)
	Net cash from operating activities		184,552	299
FRS 7.10	**Investing activities**			
	Interest received		1,202	368
FRS 7.31	Dividends received from associates		-	-
FRS 7.31	Dividends received from			
FRS 7.31	other equity investments		2,299	349
	Proceeds on disposal of available-for-sale			
	investments		2,983	-
	Disposal of subsidiary	50	6,517	-
FRS 7.39	Proceeds on disposal of property, plant			
FRS 7.16(b)	and equipment		799	4,500
	Purchases of property, plant and equipment		(60,059)	(34,588)
FRS 7.16(a)	Acquisition of investment in an associate		(31,800)	-
FRS 7.16(c)	Purchases of investments held for trading		(863)	(15,328)
FRS 7.16(c)	Purchases of patents and trademarks		(3,835)	(18,617)
FRS 7.16(a)	Purchase of held to maturity financial assets		(6,249)	-
FRS 7.16(a)	Acquisition of derivative and other financial assets		(1,837)	-
FRS 7.39	Expenditure on product development		(3,600)	-
	Acquisition of subsidiary	51	(3,670)	-
	Net cash used in investing activities		(98,113)	(63,316)

GAAP Singapore Ltd and its subsidiaries

Consolidated Statement of cash flows (Continued)
Year ended December 31, 2014

		Note	Group 2014 $'000	2013 $'000 (Restated)
FRS 7.10	**Financing activities**			
FRS 7.42A	Acquisition of non-controlling interests in a subsidiary		(350)	-
FRS 7.31	Dividends paid		(5,040)	(8,040)
FRS 7.17(d)	Repayments of borrowings		(76,493)	-
FRS 7.17(e)	Repayments of finance lease payables		(334)	(732)
FRS 7.17(c)	Additions to finance lease receivables		(15,487)	(1,200)
FRS 7.17(a)	Proceeds on issue of convertible loan notes		25,000	-
FRS 7.17(c)	Proceeds on issue of shares		6,000	-
	New bank loans raised		-	72,265
	Purchase of treasury shares		500)	-
	Net cash (used in) from financing activities		(67,204)	62,293
	Net increase (decrease) in cash and bank balances		19,235	(724)
	Cash and cash equivalents at the beginning of the year		(734)	(12,320)
FRS 7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies[6]		(9,649)	12,310
FRS 7.45	Cash and cash equivalents at the end of the year[2][3]	7	8,852	(734)

See accompanying notes to financial statements

Guidance notes
The above illustrates the direct method of reporting cash flows from operating activities.

Consolidated Statement of cash flows

[Alt 2]

Source

Source		Note	Group 2014 $'000	Group 2013 $'000 (Restated)
FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**			
FRS 1.10(d), 1.51(b)	**Consolidated statement of cash flows[7]**			
FRS 1.51(c)	**Year ended December 31, 2014**			
FRS 1.113			Group	
		Note	2014	2013
FRS 1.51(d), (e)			$'000	$'000
FRS 7.10				(Restated)
FRS 7.18(b)	**Operating activities[1]**			
	Profit before income tax[4]		117,758	24,430
	Adjustments for:			
	Share of profit of associates and joint venture		(12,763)	(983)
	Investment revenues		(3,501)	(717)
	Other gains and losses	43	(120)	50
	Finance costs	44	37,363	32,443
	Gain on disposal of discontinued operation	46	(8,943)	-
	Depreciation of property, plant and equipment		29,517	19,042
	Impairment loss on plant and equipment		4,130	-
	Amortisation of other intangible assets		2,614	846
	Impairment of goodwill		463	-
	Net foreign exchange (gains)/losses[5]		(10,363)	(2,150)
	Share-based payment expense		5,870	4,722
	Gain on disposal of property, plant and equipment		-	(500)
	Operating cash flows before movements in working capital		162,025	76,423
	Inventories		(9,197)	(30,028)
	Trade and other receivables		(4,260)	(31,993)
	Trade and other payables		57,264	22,581
	Provisions and other liabiltities		2,014	(2,320)
	Cash generated from operations		207,846	35,423
	Income taxes refund (paid)		14,069	(2,129)
FRS 7.35	Interest paid		(37,363)	(32,995)
FRS 7.31	Net cash from operating activities		184,552	299

Consolidated Statement of cash flows

[Alt 2]

Source

FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**			
FRS 1.111	**Consolidated statement of cash flows (Continued)**			
FRS 1.10(d), 1.51(b)	**Year ended December 31, 2014**			
FRS 1.51(c)				
FRS 1.51 (d), (e)				
			Group	
		Note	2014	2013
			$'000	$'000
				(Restated)
FRS 7.10	**Investing activities**			
FRS 7.31	Interest received		1,202	368
FRS 7.31	Dividends received from associates		-	-
FRS 7.31	Dividends received from other equity investments		2,299	349
	Proceeds on disposal of available-for-sale investments		2,983	-
FRS 7.39	Disposal of subsidiary	50	6,517	-
FRS 7.16(b)	Proceeds on disposal of property, plant and equipment		799	4,500
FRS 7.16(a)	Purchases of property, plant and equipment		(60,059)	(34,588)
FRS 7.16(c)	Acquisition of investment in an associate		(31,800)	-
FRS 7.16(c)	Purchases of investments held for trading		(863)	(15,328)
FRS 7.16(a)	Purchases of patents and trademarks		(3,835)	(18,617)
	Purchase of held to maturity financial assets		(6,249)	-
FRS 7.39	Acquisition of derivative and other financial assets		(1,837)	-
	Expenditure on product development		(3,600)	-
	Acquisition of subsidiary	51	(3,670)	-
	Net cash used in investing activities		(98,113)	(63,316)

Consolidated Statement of cash flows

[Alt 2]

Source

FRS 1.51(a)	**GAAP Singapore Ltd and its subsidiaries**			
FRS 1.111	**Consolidated statement of cash flows (Continued)**			
FRS 1.10(d), 1.51(b)	**Year ended December 31, 2014**			
FRS 1.51(c)				
			Group	
FRS 1.51(d), (e)		Note	2014	2013
			$'000	$'000
				(Restated)
FRS 7.10	**Financing activities**			
FRS 7.42A	Acquisition of non-controlling interests in a subsidiary		(350)	-
FRS 7.31	Dividends paid		(5,040)	(8,040)
FRS 7.17(d)	Repayments of borrowings		(76,493)	-
FRS 7.17(e)	Repayments of finance lease payables		(334)	(732)
FRS 7.17(c)	Additions to finance lease receivables		(15,487)	(1,200)
FRS 7.17(a)	Proceeds on issue of convertible loan notes		25,000	-
FRS 7.17(c)	Proceeds on issue of shares		6,000	-
	New bank loans raised		-	72,265
	Purchase of treasury shares		(500)	-
	Net cash (used in) from financing activities		(67,204)	62,293
	Net increase (decrease) in cash and bank balances		19,235	(724)
	Cash and cash equivalents at the beginning of the year		(734)	(12,320)
FRS 7.28	Effects of exchange rate changes on the balance of cash held in foreign currencies(6)		(9,649)	12,310
FRS 7.45	Cash and cash equivalents at the end of the year(2)(3)	7	8,852	(734)

See accompanying notes to financial statements

Consolidated Statement of cash flows

Source

Guidance notes – Consolidated Statement of Cash Flows

1. The above illustrates the indirect method of reporting cash flows from operating activities.

2. Restricted cash and cash equivalents

An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the enterprise that are not available for use by the group. Examples include cash and cash equivalent balances held by a subsidiary that operates in a country where exchange controls or other legal restrictions apply where the balances are not available for general use by the parent or other subsidiaries.

3. Definition of cash and cash equivalents

An investment normally qualifies as a cash equivalent only when it is a short-term, highly liquid investment that is readily convertible to known amounts of cash, and which is subject to an insignificant risk of changes in value.

4. Reconciliation to statement of comprehensive income

The balance reflected as profit before income tax in the consolidated cash flow statements/statements of cash flows (indirect method) is derived from the aggregate of profit before tax from discontinued operation [$4,000 (2013: $4,560)] (Note 46), the gain on disposal of discontinued operation [$8,493 (2013: $Nil)] (Note 46) and profit before tax from continuing operations [$105,265 (2013: $19,870)] (statement of profit or loss and other comprehensive income).

5. Net foreign exchange gains or losses (if material)

If foreign exchange gains or losses recognised in profit or loss for the year arises from cash flow items other than operating cash flows, they should be included as an adjustment to profit or loss before tax, in arriving at the operating cash flows under the indirect method.

6. Effects of exchange rate changes on the balance of cash

Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and the end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

7. Terminology used in the Financial Statements

The use of title "Statement of Cash Flows" of the Financial Statements is not mandatory. The reference in the Auditors' Report should be updated accordingly.

Notes to financial statements

Source

Source	
FRS 1.10(e) FRS 1.51(a),(b),(c) FRS 1.112(a) FRS 1.113	**GAAP Singapore Ltd and its subsidiaries** **Notes to financial statements** **December 31, 2014**
	1. General
FRS 1.138(a) FRS 1.51(d)	The company (Registration Number 200001999A) is incorporated in Singapore with its principal place of business and registered office at 1 Gaap Avenue, #01-00, GAAP Building, Singapore 099001. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.
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 20 to the financial statements.
FRS 10.17	The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended December 31, 2014 were authorised for issue by the Board of Directors on January 31, 2014.
FRS 1.25	**Guidance notes:** When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. An example of such a disclosure is as follows: *At the end of the reporting period, the entity's liabilities exceeded its assets by $xx and the entity made losses of $xx during the financial year. These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the entity's ability to continue as a going concern. The financial statements have been prepared on a going concern basis because the holding company has undertaken to provide continuing financial support to the entity to enable the entity to pay its debts as and when they fall due.*

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 1.17(b), 112(a), 1.117(a), (b)

2. Summary of significant accounting policies

Guidance notes:
Entities are required to disclose in the summary of significant accounting policies the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. An accounting policy may be significant because of the nature of the entity's operations even if amounts for the current and prior periods are not material.

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in FRS.

Each entity considers the nature of its operations and the policies that users of its financial statements would expect to be disclosed for that type of entity. It is also appropriate to disclose each significant accounting policy that is not specifically required by FRSs, but that is selected and applied in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Notes on significant accounting policies should be arranged in a manner that follows the sequence of items presented in the financial statements.

FRS 1.16

Basis of accounting – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 1.17(b), 112(a), 1.117(a), (b)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

FRS 8.28

Adoption of new and revised standards - On January 1, 2014, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Guidance notes:

Refer to above Summary of key changes from the 2013 version of the Illustrative Financial Statements for list of amendments mandatorily effective for the year ending December 31, 2014.

A sample disclosure of effects of adoption is shown below.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 8.28(a)
FRS 8.28(b), (c), (d)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

In the current year, the group has applied for the first time FRS 110, FRS 111, FRS 112, FRS 27 (as revised in 2011) and FRS 28 (as revised in 2011) together with the amendments to FRS 110, FRS 111 and FRS 112 regarding the transitional guidance.

The impact of the application of these Standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the group.

Specifically, the group has a 45% ownership interest in GAAP Manufacturing Limited, which is listed on the Hong Kong Stock Exchange. The group's 45% ownership interest in GAAP Manufacturing Limited gives the group the same percentage of the voting rights in GAAP Manufacturing Limited. The group's 45% ownership interest in GAAP Manufacturing Limited was acquired in June 2010 and there has been no change in the group's ownership in GAAP Manufacturing Limited since then. The remaining 55% of the ordinary shares of GAAP Manufacturing Limited are owned by thousands of shareholders, none individually holding more than two per cent.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

The directors of the company made an assessment as at the date of initial application of FRS 110 (i.e. January 1, 2014) as to whether or not the group has control over GAAP Manufacturing Limited in accordance with the new definition of control and the related guidance set out in FRS 110. The directors concluded that it has had control over GAAP Manufacturing Limited since the acquisition in June 2010 on the basis of the group's absolute size of holding in GAAP Manufacturing Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. Therefore, in accordance with the requirements of FRS 110, GAAP Manufacturing Limited has been a subsidiary of the company since June 2010. Previously, GAAP Manufacturing Limited was treated as an associate of the group and accounted for using the equity method of accounting.

FRS 110.C4(a) Comparative amounts for 2013 and the related amounts as at January 1, 2013 have been restated in accordance with the relevant transitional provisions set out in FRS 110 (see the tables below for details).

Impact of the application of FRS 111

FRS 111 replaces FRS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in FRS 28 (as revised in 2011). FRS 111 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under FRS 111, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under FRS 111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, FRS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under FRS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

The directors of the company reviewed and assessed the classification of the group's investments in joint arrangements in accordance with the requirements of FRS 111. The directors concluded that the group's investment in JV Electronics Limited, which was classified as a jointly controlled entity under FRS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under FRS 111 and accounted for using the equity method.

FRS 111.C2, C3

The change in accounting of the group's investment in JV Electronics Limited has been applied in accordance with the relevant transitional provisions set out in FRS 111. Comparative amounts for 2013 have been restated to reflect the change in accounting for the group's investment in JV Electronics Limited. The initial investment as at January 1, 2013 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the group had previously proportionately consolidated (see the tables below for details). Also, the directors of the company performed an impairment assessment on the initial investment as at January 1, 2013 and concluded that no impairment loss is required.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 3, 20, 21 and 22 for details).

Amendments to FRS 110, FRS 112 and FRS 27 *Investment Entities*

The amendments to FRS 110 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to FRS 112 and FRS 27 to introduce new disclosure requirements for investment entities.

The above amendments do not have any effect on the group's consolidated financial statements as the company is not an investment entity.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Guidance note:

The disclosures below illustrate the impact on profit or loss with expenses analysed by function. The note below has not included the impact to other comprehensive income, if applicable; the entity should disclose the impact to other comprehensive as well. Entities should adopt the approach consistent with how expenses have been analysed in the statement of profit or loss and other comprehensive income.

FRS 110.C2A
FRS 111.C1B

In accordance with the amendments to FRSs 110 and 111 regarding the transition guidance on the first-time application of these Standards, an entity need only present the quantitative information required by paragraph 28(f) of FRS 8 for the annual period immediately preceding the date of initial application of FRS 110 and 111 (i.e. 2013). The note below, therefore, has not included the quantitative information required by FRS 8.28(f) for the current year on the application of FRSs 110 and 111.

FRS 110.C5A

In addition, if measuring the interest in the investee in accordance with FRS 110.C5 is impracticable, an entity shall apply the requirements of FRS 110 at the beginning of the earliest period for which application of paragraph C5 is practicable, which may be the current period.

Impact on profit (loss) for the year preceding the date of initial application

FRS 8.28(f)(i)
FRS 110.C2A
FRS 111.C1B

(i) FRS 110	Year ended December 31, 2013 $'000
Increase in revenue	2,285
Increase in raw material and consumable used	(1,105)
Increase in other operating expenses	(208)
Increase in finance costs	(18)
Decrease in share of profit of associates and joint venture	(380)
Increase in income tax expenses	(110)
Increase in profit for the year	464
Increase in profit for the year attributable to:	
Owners of the company	-
Non-controlling interests	464
	464

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Impact on profit (loss) for the year preceding the date of initial application

FRS 8.28(f)(i)
FRS 110.C2A
FRS 111.C1B

(ii) FRS 111

	Year ended December 31, 2013
	$'000
Decrease in revenue	(2,005)
Decrease in raw materials and consumable used	1,300
Decrease in other operating expenses	423
Decrease in finance costs	16
Increase in share of profit of associates and joint venture	242
Decrease in income tax expenses	24
Increase (decrease) in profit for the year	-
Increase (decrease) in profit for the year attributable to:	
Owners of the company	-
Non-controlling interests	-
	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 8.28(f)(i)
FRS 111.C5

Impact on assets, liabilities and equity as at January 1, 2013 of the application of the above new Standards

	As at January 1, 2013 as previously reported	FRS 110 adjustments	FRS 111 adjustments	As at January 1, 2013 as restated
	$'000	$'000	$'000	$'000
Property, plant and equipment	564,585	1,908	(6,754)	559,739
Goodwill	2,554	200	-	2,754
Investments in associates	17,176	(960)	-	16,216
Investment in a joint venture	-	-	3,420	3,420
Inventories	79,430	240	(1,000)	78,670
Trade and other receivables	78,956	350	(1,192)	78,114
Cash and bank balances	702	300	-	1,002
Bank loans – non-current	429,238	(500)	4,213	432,951
Deferred tax liabilities	4,359	(209)	200	4,350
Trade and other payables	104,527	(300)	1,093	105,320
Current tax liabilities	1,692	(100)	20	1,612
Net assets	1,283,219	929	-	1,284,148
Non-controlling interests	(1,550)	(929)	-	(2,479)
Retained earnings	-	-	-	-
Total	1,281,669	-	-	1,281,669

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 8.28(f)(i)

Impact on assets, liabilities and equity as at December 31, 2013 of the application of the above new Standards

	As at December 31, 2013 as previously reported	FRS 110 adjustments	FRS 111 adjustments	As at December 31, 2013 as restated
	$'000	$'000	$'000	$'000
Property, plant and equipment	571,379	2,317	(6,854)	566,842
Goodwill	2,338	200	-	2,538
Investments in associates	13,614	(1,340)	-	12,274
Investment in a joint venture	-	-	3,662	3,662
Inventories	109,548	250	(1,100)	108,698
Trade and other receivables	124,570	320	(1,234)	123,656
Cash and bank balances	675	500	-	1,175
Bank loans – non-current	448,494	(380)	4,301	452,415
Deferred tax liabilities	5,760	(208)	220	5,772
Trade and other payables	133,614	(186)	984	134,412
Current tax liabilities	2,045	(80)	21	1,986
Net assets	1,412,037	1,393	-	1,413,430
Non-controlling interests	(1,183)	(1,393)	-	(2,576)
Retained earnings	-	-	-	-
Total	1,410,854	-	-	1,410,854

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Impact on cash flows for the year preceding the date of initial application

FRS 8.28(f)(i)

	FRS 110 adjustments	FRS 111 adjustments	Total
	$'000	$'000	$'000
Net cash inflow (outflow) from operating activities	359	(251)	108
Net cash inflow (outflow) from investing activities	(39)	339	300
Net cash inflow (outflow) from financing activities	(120)	(88)	(208)
Net cash inflow	200	-	200

FRS8.28(f)(ii) The impact of the application of the new and revised Standards on basic and diluted earnings per share is disclosed in note 49.

FRS 8.30 At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

Guidance notes:

The sample list of FRSs issued but not effective yet as of July 31, 2014 is listed in Appendix A. The potential impact of any new or revised FRSs, INT FRSs and amendments to FRS after July 31, 2014 but before the issue of the financial statements should also be considered and disclosed.

It is not required to list all FRSs, INT FRSs and amendments to FRS that are issued but not effective at date of authorisation of financial statements. Only those relevant to the entity should be indicated.

FRS 8.30 The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except for the following:

Guidance notes:

See Appendix A for sample disclosures on FRSs that are issued but not effective at the date of authorisation of the financial statements, but may have a material impact on the financial statements in the period of their initial adoption.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 110.7

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

FRS 110.8

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

FRS 110.B38

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

FRS 110.B88

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

FRS 110.B94

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

FRS 110.B87

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Changes in the group's ownership interests in existing subsidiaries

FRS 110.B96

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries 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 subsidiaries. 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 110.B97
FRS 110.B98
FRS 110.B99

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

FRS 27.16(f)

In the company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FRS 103(2009).4
FRS 103(2009).37
FRS 103(2009).38
FRS 103(2009).53

Business combinations - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

FRS 103(2009).39
FRS 103(2009).58

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 103(2009).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(2009).18
FRS 103(2009).21 The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

FRS 103(2009).24
FRS 103(2009).26
FRS 103(2009).30
FRS 103(2009).31

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

FRS 103(2009).45 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

FRS 103(2009).46 The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

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

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Effective interest method

FRS 107.B5(e) The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating 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. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

FRS 107.21 **Financial assets**

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment 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.

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

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments*: *Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

FRS 107.B5(e)

Financial assets at fair value through profit or loss 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 and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Held-to-maturity investments
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. Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets
Certain shares and debt securities held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash, and others [describe]) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

FRS 107.B5(f), 37(b)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

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. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Financial liabilities and equity instruments

FRS 107.21 **Classification as debt or equity**

Financial liabilities and equity instruments issued by the 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

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.

Financial liabilities

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

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

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- On initial recognition, the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 107.B5(e)

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently 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 interest paid on the financial liability and is included in the 'other gains and losses' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

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

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate 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 below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, subsequently at the higher of the amount of 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
The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Convertible loan notes

FRS 107.17

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 instrument's 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 remeasured.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Derivative financial instruments and hedge accounting

FRS 107.21 The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 13 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

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 with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Hedge accounting

The group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 13 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 39.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss and other comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line of the statement of profit or loss and other comprehensive income.

Gains and losses previously recognised in other comprehensive income and accumulated in foreign currency translation reserve are reclassified in profit or loss in the same way as exchange differences relating to the foreign operation as described in the accounting policy for foreign currency transactions and translation below.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 32.42

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

FRS 11.39(b), (c)

Construction contracts - 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 reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, 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 the amount can be measured reliably and its receipt is considered probable.

FRS 11.32

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

FRS 11.36

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

FRS 17.4

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

FRS 17.36
FRS 17.39

The group as lessor

Amounts due from lessees under finance leases are recognised 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
FRS 17.52

Rental income from operating leases 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 use 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 as an expense over the lease term on the same basis as the lease income.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

The group as lessee

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 qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

FRS 17.33 Rentals payable under operating leases 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.

INT FRS 15 In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Non-current assets held for sale - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally 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.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether
FRS 105.8A the group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

FRS 105.15
FRS 2.36(a) **Inventories** - Inventories are stated at the lower of cost and net realisable value. Cost comprises 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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 16.73(a), (b)
FRS 16.31

Property, plant and equipment - Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the 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. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

FRS 16.39
FRS 16.40

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in 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 or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

FRS 16.30

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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:

FRS 16.73(c)

Leasehold land and buildings – over the terms of lease which are from 2% to 5%
Plant and equipment – 10% to 33%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 16.68

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 amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 40.75(a)

Investment property - Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Guidance notes:
FRS 40 allows a policy choice of accounting for investment property using either fair value model (as described above) or the cost model which is similar to the accounting for property, plant and equipment at cost less accumulated depreciation and impairment.

FRS 103(2009).32

Goodwill - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as 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 of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

FRS 103(2009).36

If, after reassessment, the group's interest in the 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 36.80
FRS 36.90, 104
FRS 36.124

Goodwill is not amortised but is reviewed for impairment at least annually. 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 its carrying amount, 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.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 38.118(b) **Intangible assets**

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Internally-generated intangible assets - research and development expenditure

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of 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 asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 38.118(b) 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.

Intangible assets acquired in a business combination

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

FRS 38.118(b) 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.

FRS 36.9 **Impairment of tangible and intangible assets excluding goodwill** - At the end of each reporting period, 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 36.119 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.

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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Associates and joint venture - An associate is an entity over which the group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associate or a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

FRS 37.14

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, 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.

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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

Guidance notes – Accounting policies for specific types of provisions
Include where applicable. For example:-

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Restructurings
A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties
Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the group's obligation.

FRS 102.10 **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 at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 33. 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. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 20.39(a)

Government grants - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

FRS 18.35(a)

Revenue recognition - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

FRS 18.14(a)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:
- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group 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.

FRS 18.20

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. 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 reporting period;
- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

Revenue from construction contracts is recognised in accordance with the group's accounting policy on construction contracts (see above).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 18.30(a)

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

FRS 18.30(c)

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

FRS 18.30(b)

Royalties
Royalty revenue 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
The group's policy for recognition of revenue from operating leases is described above.

FRS 23.12
FRS 23.22

Borrowing costs - 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. 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.

FRS 19.44

Retirement benefit costs - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. 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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 19.120A(a)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasuement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The group presents the first two components of defined benefit costs in profit or loss in the line item ['employee benefits expense'/others (please specify)]. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Employee leave entitlement - 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 reporting period.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

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

FRS 12.5

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income 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 reporting period.

FRS 12.15
FRS 12.24

Deferred tax is recognised on the 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. 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

FRS 12.56

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

FRS 12.58(a)
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 reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

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

FRS 12.51C

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

FRS 12.71(a), (b)

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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), 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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

2. Summary of significant accounting policies (Continued)

FRS 21.51
FRS 21.17
FRS 21.18
FRS 21.19

Foreign currency transactions and translation - 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 dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

FRS 21.23(a)-(c)
FRS 21.21

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 reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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 21.32
FRS 21.28, 30

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 loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

FRS 23.6(e)

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

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 reporting period. 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 recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

Source	
FRS 21.48 FRS 21.48A FRS 21.48B	**2. Summary of significant accounting policies (Continued)** On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.
FRS 21.48C FRS 21.48D	In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.
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 recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.
	Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.
FRS 7.46	**Cash and cash equivalents in the statement of cash flows** - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

3. Critical accounting judgements and key sources of estimation uncertainty

Guidance notes:
The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position of the entity.

Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

FRS 1.122

Critical judgements 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 that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Note 47 to the financial statements describe the expenditure required in the year for rectification work to be carried out on goods supplied to one of the group's major customers. These goods were delivered to the customer in the months of January to July 2013, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the group until 2014. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of $102 million in the current year, in line with the group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods, set out in FRS 18 *Revenue* and, in particular, whether the group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

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

Capitalisation of borrowing costs

As described in Note 2 to the financial statements, it is the group's policy to capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the group's premises in Malaysia was suspended in 2013, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 2014 – following the finalisation of revised plans, and resumption of the activities necessary to prepare the asset for its intended use. Borrowing costs have been capitalised from February 2014, as management is of the view that although construction of the premises was not restarted until May 2014, the technical and administrative work associated with the project has recommenced in February 2014.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the group's deferred taxation on investment properties, the management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

FRS 112.7(a)
FRS 112.9(b)

Control over GAAP Manufacturing Limited

Note 20 describes that GAAP Manufacturing Limited is a subsidiary of the group even though the group has only a 45% ownership interest and has only 45% of the voting rights in GAAP Manufacturing Limited. GAAP Manufacturing Limited is listed on the Hong Kong Stock Exchange. The group has held its 45% ownership since June 2010 and the remaining 55% of the ownership interests are held by thousands of shareholders that are unrelated to the group.

The directors of the company assessed whether or not the group has control over GAAP Manufacturing Limited based on whether the group has the practical ability to direct the relevant activities of GAAP Manufacturing Limited unilaterally. In making their judgement, the directors considered the group's absolute size of holding in GAAP Manufacturing Limited and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the group has a sufficiently dominant voting interest to direct the relevant activities of GAAP Manufacturing Limited and therefore the group has control over GAAP Manufacturing Limited.

FRS 112.7(a)
FRS 112.9(b)

Control over GAAP Equipment Leasing Pte Ltd

Note 20 describes that GAAP Equipment Leasing Pte Ltd is a subsidiary of the group although the group only owns a 45% ownership interest in GAAP Equipment Leasing Pte Ltd. Based on the contractual arrangements between the group and other investors, the group has the power to appoint and remove the majority of the board of directors of GAAP Equipment Leasing Pte Ltd that has the power to direct the relevant activities of GAAP Equipment Pte Ltd. Therefore, the directors of the company concluded that the group has the practical ability to direct the relevant activities of GAAP Equipment Leasing Pte Ltd unilaterally and hence the group has control over GAAP Equipment Leasing Pte Ltd.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

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

FRS 112.7(b)
FRS 112.9(e)

Significant influence over PAAG Pte Ltd

Note 21 describes that PAAG Pte Ltd is an associate of the group although the group only owns a 17% ownership interest in PAAG Pte Ltd. The group has significant influence over PAAG Pte Ltd by virtue of its contractual right to appoint two out of seven directors to the board of directors of that company.

Classification of JV Electronics Limited as a joint venture

FRS 112.7(b), (c)

JV Electronics Limited is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, JV Electronics Limited is classified as a joint venture of the group. See Note 22 for details.

Key sources of estimation uncertainty

FRS 1.125
FRS 1.129

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

Guidance notes:
Where applicable, corresponding information for the previous financial year should also be disclosed.

Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its internally-generated intangible asset, which is included in its statement of financial position at December 31, 2014 at $3.24 million (2013: $Nil). The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project. However, increased competitor activity has caused management to reconsider its assumptions regarding future market shares and anticipated margins on these products. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments will be made in future periods, if future market activity indicates that such adjustments are appropriate.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units 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 cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $4.04 million (2013: $2.54 million) after an impairment loss of $0.46 million (2013: $Nil) was recognised during the financial year. Details of the impairment loss calculation are provided in Note 18 to the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

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

Useful lives of property, plant and equipment

As described in Note 2, the group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, management determined that the useful life of certain items of equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the consolidated depreciation expense in the current financial year and for the next 3 years, by the following amounts:

	$'000
2014	9
2015	7
2016	4
2017	2

FRS 113.93(g), FRS 113.IE65

Fair value measurements and valuation processes

Some of the group's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors of the company has set up a valuation committee, which is headed up by the Chief Financial Officer of the company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the Board of Directors of the company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4, 16 and 17.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

Guidance notes – Categories of financial instruments

FRS 107.8 The categories of financial assets and financial liabilities can be presented in the statement of financial position or in the notes as shown below.

The following table sets out the financial instruments as at the end of the reporting period:

Source		Group 2014 $'000	Group 2013 $'000 (restated)	Company 2014 $'000	Company 2013 $'000
	Financial Assets				
	Fair value through profit or loss (FVTPL):				
FRS 107.8(a)	Held for trading	11,988	11,125	-	-
FRS 107.8(a)	Designated as at FVTPL (see below)	1,018	1,000	-	-
	Derivative instruments:				
	In designated hedge accounting relationships	4,924	2,938	-	-
	Not designated in hedge accounting relationships	114	-	-	-
FRS 107.8(b)	Held-to-maturity investments	27,548	21,299	-	-
FRS 107.8(c)	Loans and receivables (including cash and cash equivalents)	308,325	278,994	91,445	56,542
FRS 107.8(d)	Available-for-sale financial assets	20,232	23,215	-	-
	Financial Liabilities				
	Fair value through profit or loss (FVTPL):				
FRS 107.8(e)	Held for trading	-	-	-	-
FRS 107.8(e)	Designated as at FVTPL (see below)	-	-	-	-
	Derivative instruments not designated in hedge accounting relationships	273	-	-	-
FRS 107.8(f)	Amortised cost	672,725	668,220	27,371	4,534
	Financial guarantee contracts	24	18	-	-
	Contingent consideration for a business combination	75	-	-	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Guidance notes – Loans and receivables and financial liabilities at FVTPL
Information on loans and receivables and financial liabilities at FVTPL is required only if the entity has such categories of financial instruments. The information may be presented as follows:

FRS 107.9(c)
FRS 107.9(c)

(i) Loans and receivables designated as at FVTPL

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Carrying amount of loans and receivables designated as at FVTPL	xx	xx	xx	xx
Cumulative changes in fair value attributable to changes in credit risk	xx	xx	xx	xx
Changes in fair value attributable to changes in credit risk recognised during the period.	xx	xx	xx	xx

At the end of the reporting period, there are no significant concentrations of credit risk.

FRS 107.9(d)

(ii) Credit derivatives over loans and receivables at fair value

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Opening fair value	xx	xx	xx	xx
Realised during the period	xx	xx	xx	xx
Change in fair value	xx	xx	xx	xx
Closing fair value	xx	xx	xx	xx

Cumulative fair value changes in credit derivatives over loans and receivables at fair value since the loan or receivable was designated amount to $xx (2013: $xx)

FRS 107.10(a)
FRS 107.10(a)

(iii) Financial liabilities designated as at FVTPL

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cumulative changes in fair value attributable to changes in credit risk	xx	xx	xx	xx
Changes in fair value attributable to changes in credit risk recognised during the period.	xx	xx	xx	xx

FRS 107.10(b)

(iv) Difference between carrying amount and maturity amount

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial liabilities at fair value	xx	xx	xx	xx
Amount payable at maturity	xx	xx	xx	xx
	xx	xx	xx	xx

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Group

As at December 31, 2014 ($'000)

FRS 107.13(c)

Financial assets

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial asset	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
Interest rate swaps	3,914	-	3,914	-	(14)	3,900
Forward foreign exchange contracts	1,124	-	1,124	(273)	-	851
Trade receivables	7,035	(2,045)	5,000	-	-	5,000
Total	12,073	(2,045)	10,038	(273)	(14)	9,751

Financial liabilities

	(a)	(b)	(c) = (a) – (b)	(d) Related amounts not set off in the statement of financial position		(e) = (c) + (d)
Type of financial asset	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral pledged	Net amount
Forward foreign exchange contracts	273	-	273	(273)	-	-
Trade payables	2,045	(2,045)	-	-	-	-
Total	2,318	(2,045)	273	(273)	-	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Group

As at December 31, 2013 ($'000)

Financial assets						
	(a)	*(b)*	*(c) = (a) – (b)*	*(d)*		*(e) = (c) + (d)*
				Related amounts not set off in the statement of financial position		
Type of financial asset	*Gross amounts of recognised financial asset*	*Gross amounts of recognised financial liabilities set off in the statement of financial position*	*Net amounts of financial assets presented in the statement of financial position*	*(i) Financial instruments*	*(ii) Cash collateral received*	*Net amount*
Forward foreign exchange contracts	*2,938*	*-*	*2,938*	*-*	*(38)*	*2,900*
Total	*2,938*	*-*	*2,938*	*-*	*(38)*	*2,900*

FRS 107.B46

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

The company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.13(f)

Guidance notes:

FRS 107.B51, B52

The Amendment to FRS 107 *Disclosure-Offsetting Financial Assets and Financial Liabilities* require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar agreement, irrespective of whether they are set off in accordance with paragraph 42 of FRS 32.

If the disclosures required under the Amendment to FRS 107 *Disclosure-Offsetting Financial Assets and Financial Liabilities* are disclosed in more than one notes to the financial statements, the entity shall cross-refer between those notes.

The disclosures required by FRS 107:13(a) – (e) may be grouped by type of financial instrument or transaction (for example, derivatives, repurchase and reverse repurchase agreements or securities borrowing and securities lending agreements), or alternatively by counterparty. If an entity provides the required information by counterparty, the entity is not required to identify the counterparties by name. However, designation of counterparties (Counterparty A, Counterparty B, Counterparty C, etc) shall remain consistent from year to year for the years presented to maintain comparability. Qualitative disclosures shall be considered so that further information can be given about the types of counterparties. When disclosure of the amounts in paragraph 13C(c)–(e) is provided by counterparty, amounts that are individually significant in terms of total counterparty amounts shall be separately disclosed and the remaining individually insignificant counterparty amounts shall be aggregated into one line item.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.31, 32
FRS 107.33

(c) Financial risk management policies and objectives

The group has documented financial risk management policies. These policies set out the group's overall business strategies and its risk management philosophy. The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the group's policy guidelines are complied with. Risk management is carried out by the Treasury Department under the policies approved by the Board of Directors.

FRS 107.33(c)
FRS 107.40(c)

The group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods; and
- Interest rate swaps to mitigate the risk of rising interest rates.

The group does not hold or issue derivative financial instruments for speculative purposes.

FRS 107.33(c)
FRS 107.40(c)

There has been no change 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 indicated below.

FRS 107.41

Guidance notes – Sensitivity analysis

If the entity prepares a sensitivity analysis such as value-at-risk that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that value-at-risk sensitivity analysis in place of the analysis specified in FRS 107.40 which are as illustrated in the following sections for each type of market risk.

FRS 107.B19

In determining what a reasonably possible change in the relevant risk variable is for sensitivity analysis, an entity shall consider:

a. The economic environments in which it operates. This shall not include remote or "worst case" scenarios or "stress test"; and

b. The effects of changes reasonably possible over the period until the entity next presents these disclosures (usually the next annual reporting period).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.33, 34

(i) Foreign exchange risk management

The group transacts business in various foreign currencies, including the United States dollar, Euro and Japanese Yen and therefore is exposed to foreign exchange risk.

FRS 107.34(a)

Guidance notes – Information on foreign currency balances

The table below provides an example of summary quantitative data about exposure to foreign exchange risks arising from monetary assets and liabilities at the end of the reporting period that an entity may provide internally to key management personnel.

FRS 107.34(a)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
US dollars	54,111	32,998	61,392	84,313	1,332	1,824	37,394	29,226
Euro	13,669	10,643	4,507	4,062	560	485	-	-
Japanese Yen	530	842	4,450	5,521	-	-	-	-

Companies in the group use forward contracts to hedge their exposure to foreign currency risk in the local reporting currency. The Treasury Department is responsible for hedging the net position in each borrowing currency.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Further details on the forward exchange derivative hedging instruments are found in Note 13 to the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.35

Guidance notes – Quantitative data disclosures
If the quantitative data disclosed as at the reporting date are unrepresentative of an entity's exposure to risk during the period, an entity shall provide further information that is representative.

FRS 107.IG20

To meet this requirement, an entity might disclose the highest, lowest and average amount of risk to which it was exposed during the period. For example, if an entity typically has a large exposure to a particular currency, but at year-end unwinds the position, the entity might disclose a graph that shows the exposure at various times during the period, or disclose the highest, lowest and average exposures.

FRS 107.40(a)
FRS 107.40(b)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where they gave rise to an impact on the group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss and other equity will increase (decrease) by:

Source		US Dollar impact			Euro impact			Japanese Yen impact		
		2014	2013		2014	2013		2014	2013	
		$'000	$'000		$'000	$'000		$'000	$'000	
	Group									
FRS 107.40(a)	Profit or loss	(728)	(5,132)	(i)	916	658	(i)	(392)	(468)	(i)
FRS 107.40(a)	Other equity	(33)	(47)	(ii)	70	69	(ii)	-	-	
	Company									
FRS 107.40(a)	Profit or loss	(3,606)	(2,740)	(iii)	56	49	(i)	-	-	
FRS 107.40(a)	Other equity	-	-		-	-		-	-	

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit or loss and other equity will increase (decrease) by:

Source		US Dollar impact			Euro impact			Japanese Yen impact		
		2014	2013		2014	2013		2014	2013	
		$'000	$'000		$'000	$'000		$'000	$'000	
	Group									
FRS 107.40(a)	Profit or loss	728	5,132	(i)	(916)	(658)	(i)	392	468	(i)
FRS 107.40(a)	Other equity	33	47	(ii)	(70)	69)	(ii)	-	-	
	Company									
FRS 107.40(a)	Profit or loss	3,606	2,740	(iii)	(56)	(49)	(i)	-	-	
FRS 107.40(a)	Other equity	-	-		-	-		-	-	

(i) This is mainly attributable to the exposure outstanding on receivables and payables at the end of the reporting period in the group.
(ii) This is mainly as a result of the changes in fair value of derivative instruments designated as cash flow hedges.
(iii) This is mainly attributable to the exposure to outstanding US dollar inter-company receivables at the end of the reporting period.

The group's sensitivity to foreign currency has decreased during the current year mainly due to the disposal of US dollar investments and the reduction in US dollar sales in the last quarter of the financial year which has resulted in lower US dollar denominated trade receivables.

Guidance notes – Sensitivity analyses

FRS 107.42 When the sensitivity analyses disclosed in accordance with FRS 107.40 or 41 are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative. An example of such a disclosure may be as follows:

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. US dollar denominated sales are seasonal with lower sales volume in the last quarter of the financial year, which results in a reduction in US dollar receivables at the end of the reporting period.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.33,34

(ii) Interest rate risk management

Summary quantitative data of the group's interest-bearing financial instruments can be found in section (v) of this Note. The group's policy is to maintain cash equivalents and borrowings in fixed rate instruments. The group sometimes borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 13 to the financial statements.

FRS 107.40(a), (b)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's:

- Profit for the year ended December 31, 2014 would increase/decrease by $1.8 million (2013: increase/ decrease by $2.3 million). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and
- Other equity reserves would decrease/increase by $45,000 (2013: decrease/increase by $45,000) mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

The group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps.

The company's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured as amortised cost.

FRS 107.33, 34

(iii) Equity price risk management

The group is exposed to equity risks arising from equity investments classified as held-for-trading and 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 Notes 11, 23 and 24 to the financial statements.

FRS 107.40(a), (b)

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity investments, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant:

- The group's net profit for the year ended December 31, 2014 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and
- The group's asset revaluation reserves would decrease/increase by $1.1 million (2013: decrease/increase by $1.4 million).

In respect of held-for-trading equity investments, if equity prices had been 10% higher/lower:

- The group's net profit for the year ended December 31, 2014 would decrease/increase by $1.2 million (2013: decrease/increase by $1.1 million).

The group's sensitivity to equity prices has not changed significantly from the prior year.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.36

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial 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's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

FRS 107.B10(b)

The maximum amount the group could be forced to settle under the financial guarantee contract in Note 28, if the full guaranteed amount is claimed by the counterparty to the guarantee is $2 million (2013: $1.6 million). Based on expectations at the end of the reporting period, the group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

FRS 107.36(a)

Guidance notes – Information of credit risk provided to key management

The above disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

Further details of credit risks on trade and other receivables are disclosed in Note 8.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Guidance Notes – Information of credit risk provided to key management
If applicable:

FRS 107.34(a)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	xx	xx	xx	xx
Europe	xx	xx	xx	xx
United States	xx	xx	xx	xx
	xx	xx	xx	xx
By customer types				
Multi-national corporatio	xx	xx	xx	xx
Individuals	xx	xx	xx	xx
Others	xx	xx	xx	xx
	xx	xx	xx	xx

FRS 107.33,39(c)

(v) Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Treasury Department finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Note 27.

FRS 107.34(a)

Guidance notes:

The tables below include the weighted average effective interest rate and reconciliations to the carrying amounts in the statement of financial position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to key management personnel. An entity must use its judgement to determine an appropriate number of time bands. For a non-financial institution, an appropriate time band could be: "On demand or within 1 year", "Within 2 to 5 years" and "After 5 years".

FRS 107.34,35
FRS 107.39(a)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2014						
Non-interest bearing	-	191,405	75	-	-	191,480
Finance lease liability (fixed rate)	8.5	1,655	1,014	-	(276)	2,393
Variable interest rate instruments	7.9	96,907	431,483	-	(150,000)	378,390
Fixed interest rate instruments	7.0	-	130,537	-	(30,000)	100,537
Financial guarantee contracts	-	2,000	-	-	(1,976)	24
		291,967	563,109	-	(182,252)	672,824
2013 (restated)						
Non-interest bearing	-	134,394	-	-	-	134,394
Finance lease liability (fixed rate)	8.8	2,245	1,365	-	(883)	2,727
Variable interest rate instruments	8.2	88,686	526,143	-	(156,000)	458,829
Fixed interest rate instruments	8.0	-	104,270	-	(32,000)	72,270
Financial guarantee contracts	-	1,600	-	-	(1,582)	18
		226,925	631,778	-	(190,465)	668,238

FRS 107.34,35
FRS 107.39(a)

The maximum amount that the group could be forced to settle under the financial guarantee contract in Note 28, if the full guaranteed amount is claimed by the counterparty to the guarantee, is $2 million (2013: $1.6 million). The earliest period that the guarantee could be called is within 1 year (2013: 1 year) from the end of the reporting period. As mentioned in Nove 4 (iv), the group considers that it is more likely that no amount will be payable under the arrangement.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Company	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2014						
Non-interest bearing	-	3,044	-	-	-	3,044
Fixed interest rate instruments	7.0	-	29,327	-	(5,000)	24,327
		3,044	29,327	-	(5,000)	27,371
2013						
Non-interest bearing	-	4,534	-	-	-	4,534
		4,534	-	-	-	4,534

Guidance Notes:

FRS 107 clarifies the following:

FRS 107 Appendix A
FRS 107.B10A

- Liquidity risk disclosures apply only to financial liabilities that are settled by delivering cash or another financial asset. This excludes financial liabilities that are settled by the entity by delivering its own equity instruments or non-financial assets.
- An entity has to disclose summary quantitative data about its exposure to liquidity risk on the basis of information provided internally to key management personnel, and explain how the data is determined.

FRS 107.B10A

- If outflows of cash (or another financial asset) included in those data could either occur significantly earlier than indicated in the data, or for significantly different amounts from those indicated in the data, an entity has to state the fact and provide quantitative information that enables users to evaluate the extent of risk, unless information is included in the liquidity risk management or maturity analysis disclosures above.

FRS 107.B11C

- For issued financial guarantee contracts, an entity should disclose the maximum amount of guarantee in the contractual maturity analysis, allocated to the earliest period in which it could be called.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.B11E

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the group's liquidity risk management as the group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2014						
Non-interest bearing	-	127,916	-	-	-	127,916
Finance lease receivables (fixed rate)	11.5	72,526	120,875	-	(23,751)	169,650
Variable interest rate instruments	-	6,027	-	-	-	6,027
Fixed interest rate instruments	4.5	31,000	6,000	5,190	(745)	41,445
		237,469	126,875	5,190	(24,496)	345,038
2013 (restated)						
Non-interest bearing	-	123,656	-	-	-	123,656
Finance lease receivables (fixed rate)	12.0	65,948	109,913	-	(21,698)	154,163
Variable interest rate instruments	-	604	-	-	-	604
Fixed interest rate instruments	5.1	20,000	6,000	5,486	(895)	30,591
		210,208	115,913	5,486	(22,593)	309,014

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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4. Financial instruments, financial risks and capital risks management (Continued)

Company	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2014						
Non-interest bearing	-	91,445	-	-	-	91,445
2013						
Non-interest bearing	-	56,542	-	-	-	56,542

Guidance notes:

FRS 107.B11E

There is an apparent conflict between FRS 107 which requires the disclosure of a liquidity analysis for all *financial liabilities* and FRS 1.65 which states that 'FRS 107 requires disclosure of the maturity dates of *financial assets* and *financial liabilities*' [emphasis added]. An entity is not required to disclose a maturity analysis for financial assets in all cases. The minimum required disclosure is for a maturity analysis for financial liabilities only. However, a maturity analysis shall be disclosed for financial assets if it holds financial assets for managing liquidity risk and that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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4. Financial instruments, financial risks and capital risks management (Continued)

FRS 107.39(b)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (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 as illustrated by the yield curves existing at the end of the reporting period.

Group	On demand or within 1 year	Within 2 to 5 years	After 5 years
	$'000	$'000	$'000
2014			
Net settled:			
Interest rate swaps	3,914	-	-
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	547,040	-	-
Gross outflow	(546,189)	-	-
	4,765	-	-
2013			
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	403,573	-	-
Gross outflow	(400,635)	-	-
	2,938	-	-

Guidance notes:

FRS 107.B11B

1. Derivatives

For derivatives, an entity should disclose a quantitative maturity analysis for derivative financial liabilities that shows remaining contractual maturities if the contractual maturities are essential for an understanding of the timing of the cash flows. For example, this would be the case for:

a. An interest rate swap with a remaining maturity of five years in a cash flow hedge of a variable rate financial asset or liability.

b. All loan commitments.

For embedded derivatives, an entity should not separate it from the hybrid financial instrument. For such an instrument, the entity should disclose the contractual maturity of the entire instrument.

2. Alternative presentation by narration

FRS 107.B11A

The group's derivative financial instruments comprise of interest rate swaps amounting to $3.9 million (2013: $Nil) with contracted net cash inflows due within 1 year, and foreign exchange forward contracts gross inflow amounting to $0.45 million (2013: $1.9 million) and gross outflow amounting $0.4million (2013: $1 million) with contracted gross cash flows due within 1 year (2013: due within 1 year).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

(vi) Fair value of financial assets and financial liabilities

The group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the group's financial assets and financial liabilities that are measured at fair value on a recurring basis

FRS 113.93(a), (b), (d), (g), (h)(i)

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at ($'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014		2013					
	Assets	Liabilities	Assets	Liabilities				
Held-for-trading investments (see note 11)								
1) Equity investments	11,988	-	11,125	-	Level 1	Quoted bid prices in an active market.	N/A	N/A
Derivative financial instruments (see note 13)								
2) Foreign currency forward contracts	1,124	(273)	2,938	-	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Interest rate swaps	3,914	-	-	-	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

Source

GAAP Singapore Ltd and its subsidiaries

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4. Financial instruments, financial risks and capital risks management (Continued)

Financial assets/ financial liabilities	Fair value as at ($'000)				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014		2013					
	Assets	Liabilities	Assets	Liabilities				
Available-for-sale investments (see note 23)								
4) Listed redeemable notes	8,303	-	8,221	-	Level 1	Quoted bid prices in an active market.	N/A	N/A
5) Listed equity shares	10,407	-	13,494	-	Level 1	Quoted bid prices in an active market.	N/A	N/A
6) Private equity investments	1,010	-	1,000	-	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 4.9 – 5.5 % per annum (2013: 4.8 – 5.4 % per annum).	A slight increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value. (note 1)
							Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 5 – 12 % per annum (2013: 5 – 10 % per annum).	A significant increase in the long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value.
							Weighted average cost of capital (WACC), determined using a Capital Asset Pricing Model, ranging from 11.9 – 12.5 % per annum (2013: 11.2 – 12.1 % per annum).	A slight increase in the WACC used in isolation would result in a significant decrease in the fair value. (note 2)
							Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 5 – 20 % per annum (2013: 4 – 19 % per annum).	A significant increase in the discount for lack of marketability used in isolation would result in a significant decrease in the fair value.
7) Unquoted corporate bond	512	-	500	-	Level 2	Discounted cash flow	N/A	N/A

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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4. Financial instruments, financial risks and capital risks management (Continued)

Financial assets/ financial liabilities	Fair value as at ($'000)				Fair value hierachy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014		2013					
	Assets	Liabilities	Assets	Liabilities				
Other financial assets at fair value through profit or loss (see note 24)								
8) Venture capital invesments (note 2)	1,018	-	1,000	-	Level 3	Discounted cash flow	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 5.5 – 6.1 % per annum (2013: 5.5 – 6.1 % per annum).	The higher the revenue growth rate, the higher the fair value.
							Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging of 4.3 % per annum (2013: 4.3 % per annum).	The higher the per-tax operating margin, the higher the fair value.
							Weighted average cost of capital, determined using a Capital Asset Pricing Model, ranging from 13.1 – 14.5 % per annum (2013: 12.3 – 13.1 % per annum).	The higher the weighted average cost of capital, the lower the fair value.
							Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 7 – 12 % per annum (2013: 7 – 12 % per annum).	The higher the discount, the lower the fair value.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Financial assets/ financial liabilities	Fair value as at ($'000)				Fair value hierachy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2014		2013					
	Assets	Liabilities	Assets	Liabilities				
Others – contingent consideration in a business combination (see note 51)								
9) Contingent consideration (Note 3)	-	75	-	-	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration.	Discount rate of 13 % per annum, determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value. (note 2)
							Probability-adjusted revenues and profits, with a range from $100,000 to $150,000 and a range from $60,000 to $90,000 respectively	A slight increase in the probability adjusted revenues and profits used in isolation would result in a significant increase in the fair value. (note 3)

FRS 113.93(h)(ii)

Note 1: If the long-term revenue growth rates used were 10% higher/lower while all the other variables were held constant, the carrying amount of the investment would decrease/increase by $7,000 (2013 : decrease/ increase by $8,000).

Note 2: A 5% increase/ decrease in the WACC or discount rate used while holding all other variables constant would decrease/ increase the carrying amount of the private equity investments and the contingent consideration by $10,000 and $3,524 respectively (2013 : $11,000 and $3,754 respectively).

Note 3: A 5% increase / decrease in the probability-adjusted revenues and profits while holding all other variables constant would increase/ decrease the carrying amount of the contingent consideration by $5,210 (2013 : $6,000)

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Company

The company had no financial assets or liabilities carried at fair value in 2013 and 2014.

FRS 113.93(c) There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

Guidance notes – Transfers

For any significant transfers between Level 1 and Level 2, the reasons for the transfers need to be disclosed. 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.

Fair value of the group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

FRS 107.25, 29(a)
FRS 113.97 Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

Group	2014 Carrying amount $'000	2014 Fair value $'000	2013 Carrying amount $'000	2013 Fair value $'000
Financial Assets				
Loans and receivables:				
Finance lease receivables	169,650	182,000	154,163	163,000
Held-to-maturity investments:				
Unquoted debt securities	27,548	29,017	21,299	21,911
Financial Liabilities				
Borrowings:				
Bank loans	448,753	463,000	525,530	530,000
Convertible loan notes	24,327	23,700	-	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

	Fair value hierarchy as at December 31, 2014			
Group	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables				
Finance lease receivables	-	182,000	-	182,000
Held-to-maturity investments				
Unquoted debt securities	-	-	29,017	29,017
Total	-	182,000	29,017	211,017
Financial Liabilities				
Borrowings:				
Bank loans	-	463,000	-	463,000
Convertible loan notes	-	23,700	-	23,700
Total	-	486,700	-	486,700

	Fair value hierarchy as at December 31, 2013			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables				
Finance lease receivables	-	163,000	-	163,000
Held-to-maturity investments				
Unquoted debt securities	-	-	21,911	21,911
Total	-	163,000	21,911	184,911
Financial Liabilities				
Borrowings:				
Bank loans		530,000	-	530,000
Convertible loan notes	-	-	-	-
Total	-	530,000	-	530,000

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Guidance note:

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purpose only.

FRS 113.97, 93(d)

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

FRS 113.93(e)

Reconciliation of Level 3 fair value measurements

Group	Other financial assets at fair value through profit or loss (Unquoted equities)	Available-for-sale financial assets (Unquoted equities)	Total
	$'000	$'000	$'000
2014			
Opening balance	1,000	1,000	2,000
Total gains or losses			
- In profit or loss	12	-	12
- In other comprehensive income	-	10	10
Purchases	6	-	6
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	1,018	1,010	2,028

FRS 113.93(f)

Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period (as part of "Other gains and losses")	8	-	8

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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4. Financial instruments, financial risks and capital risks management (Continued)

Group	**Other financial assets at fair value through profit or loss (Unquoted equities)**	**Available-for-sale financial assets (Unquoted equities)**	**Total**
	$'000	$'000	$'000
2013			
Opening balance	975	992	1,967
Total gains or losses			
- In profit or loss	25	-	25
- In other comprehensive income	-	8	8
Purchases	6	-	6
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	1,006	1,000	2,006
FRS 113.93(f) Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period (as part of "Other gains and losses")	25	-	25

FRS 113.93(e)(ii)

All gains and losses included in other comprehensive income relate to unlisted shares held at the end of the reporting period and are reported as changes of 'Investments revaluation reserves'.

The table above only includes financial assets. The only financial liabilities subsequently measured at fair value on Level 3 fair value measurement represent contingent consideration related to acquisition of Huiji Electronic Systems (China) Limited (see Note 51.1). No gain or loss for the year related to this contingent liability has been recognised in the consolidated statement of profit or loss and other comprehensive income.

FRS 113.93(e)(iv)

Guidance note:

For any transfers into and out of Level 3, the reasons for the transfers need to be disclosed. For significant transfers, transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

FRS 1.134, 135

(d) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2013.

The capital structure of the group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The group is not subject to any eternally imposed capital requirements.

Guidance notes
Where the group has risks associated with each class of capital, quantitative disclosure should be added. Below is an illustrative disclosure applicable to entities requiring quantitative disclosure on capital risk management.

The group's risk management committee reviews the capital structure on a semi-annual basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The group has a target gearing ratio of 20% - 25% determined as the proportion of net debt to equity. The gearing ratio at December 31, 2013 of 15.21% (see below) was at the lower end of the target range, and has returned to a more typical level of 23% after the end of the reporting period.

Gearing ratio
The gearing ratio at the end of the reporting period was as follows:

	2014 $'000	2013 $'000 (restated)
Debt (i)	XXX	XXX
Cash and bank balances (including cash and bank balances in a disposal group held for sale)	(XXX)	(XXX)
Net Debt	XXX	XXX
Equity (ii)	XXX	XXX
Net debt to equity ratio	XX%	XX%

(i) Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts), as described in notes 27 and 31.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

4. Financial instruments, financial risks and capital risks management (Continued)

Guidance notes – Disclosures on externally imposed capital requirements

When an entity is subject to externally imposed capital requirements, FRS 1.135 requires disclosures on:
- The nature of those requirements;
- How those requirements are incorporated into the management of capital;
- Any changes in those requirements from the previous period;
- Whether during the period, the entity complied with any externally imposed capital requirements to which it is subject to; and
- When the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Only capital requirements imposed by external regulators are required to be disclosed under FRS 1.135(a)(ii). Although FRS 1.135(a)(ii) do not provide any further guidance regarding what is meant by 'externally imposed capital requirements', paragraphs BC92 to BC97 of the Basis for Conclusions to IAS 1(2007) effectively narrow the scope of the requirements to "entity-specific requirement[s] imposed on a particular entity by its prudential supervisor or other regulator". The entity bases these disclosures on the information provided internally to key management personnel.

FRS 1.135(a)

Although disclosure of details regarding loan covenants is not required under FRS 1.135(a)(ii), entities should consider whether such details should nevertheless be disclosed in line with the requirements in FRS 1.17(c) to provide additional information to enable users of the financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

FRS 1.135(a)(i)
FRS 1.135(a)(ii)
FRS 1.135(b)

An example of disclosures required by FRS 1.134 and 1.135 for an entity that is subject to externally imposed capital requirements is as follows:

The company manages its capital to ensure that it will able to continue as a going concern, to maximise the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with.

FRS 1.135(d)

The capital structure of the company consists of debt, which includes borrowings disclosed in Note 27, issued capital, reserves and retained earnings. One of the subsidiaries of the company is required to set aside a minimum amount of X% of profits annually. Such profits are accumulated in a separate reserve called "Statutory Reserves".

FRS 1.135(a)(iii)

The Statutory Reserves may only be distributed to shareholders upon liquidation of the subsidiary. The company is in compliance with externally imposed capital requirements for the financial years ended December 31, 2014 and 2013.

The company's risk management committee also reviews the capital structure on a semi-annual basis. As a part

FRS 1.135(c)

of this review, the committee considers the cost of capital and the risks associated with each class of capital. The committee also ensures that the company maintains gearing ratios within a set range to comply with the loan

FRS 1.135(e)

covenant imposed by a bank. Based on recommendations of the committee, the company 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 management's strategy remained unchanged from 2013.

[Note - when the entity has not complied with such externally imposed capital requirements, it should disclose the consequences of such non-compliance]

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

5. Holding company and related company transactions

FRS 24.13
FRS 1.138(c)

The company is a subsidiary of GAAP Holdings Ltd, incorporated in the Republic of Singapore, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

Guidance notes

FRS 24.13

Disclosure of name of ultimate controlling party

An entity shall disclose the name of its parent and, if different, the ultimate controlling party. The ultimate controlling party may or may not be a corporate entity. The requirement to disclose the entity's ultimate controlling party means that, where such control is exercised by an individual, or by a group of individuals acting in concert, their identity must be disclosed.

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.

A possible disclosure may be as follows:

The company is a subsidiary of GAAP International Ltd, incorporated in the Country KLM. The ultimate controlling party is Mr Ang Beng Choo whose interest in the company is held through his shareholdings in ABC Ltd and XYZ Ltd. The next senior parent of the company that prepares financial statements for public use is GAAP Holdings Pte Ltd, incorporated in Singapore.

FRS 24.18

Some of the company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

5. Holding company and related company transactions (Continued)

Trading transactions

FRS 24.18
FRS 24.19
During the year, group entities entered into the following trading transactions with related companies that are not members of the group:

	Sales of goods		Purchases of goods		Amounts owed by related companies		Amounts owed to related companies	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
GAAP Holdings Ltd	693	582	439	427	209	198	231	139
Subsidiaries of GAAP Holdings Ltd	1,289	981	897	883	398	293	149	78

FRS 24.23
Sales of goods to related companies were made at the group's usual list prices, less average discounts of 5%. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the companies.

FRS 24.18(b),(c),(d)
The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related companies.

FRS 24.18
FRS 24.19
In addition to the above, GAAP Holdings Ltd performed certain administrative services for the company, for which a management fee of $0.18 million (2013: $0.16 million) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments of GAAP Holdings Ltd.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

6. Other related party transactions

FRS 24.18
FRS 24.19

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, group entities entered into the following trading transactions with related parties:

	Sales of goods		Purchases of goods		Amounts owed by related parties		Amounts owed to related parties	
	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Associates	398	291	-	-	29	142	-	-
Joint ventures of an investor who has significant influence over the group	-	-	200	198	-	-	-	-

The group also has a commitment to inject capital of up to $1 million (2013: $1 million) into its associate.

FRS 24.23

Sales of goods to related parties were made at the group's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased.

FRS 24.18(b)(d)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received except that the convertible loan notes (Note 31) issued during the year is secured by a personal guarantee of one of the directors. No charge has been made for this guarantee.

FRS 24.18(c)

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

6. Other related party transactions (Continued)

Guidance notes

Guarantees given by directors

iGAAP 2014 Chapter A23.4.5

It is not uncommon for directors to give guarantees in respect of the borrowings of an entity, often without making a charge to the entity. The provision of such a guarantee will be a related party transaction and should be clearly disclosed here.

FRS 24.17

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

Group	2014	2013
	$'000	$'000
Short-term benefits	13,681	10,270
Post-employment benefits	1,602	1,391
Other long-term benefits	1,153	1,769
Share-based payments	949	863
	17,385	14,293

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

6. Other related party transactions (Continued)

Guidance notes – Key management personnel compensation

1. Key management personnel compensation paid by another related entity

iGAAP 2014 Chapter A23.5.2

The disclosure required is in respect of services provided to the entity. Therefore, where key management personnel are paid a single salary in respect of services to more than one entity within the group, it will be necessary to allocate the amounts paid between the services provided to the different group entities for the purposes of disclosure in the separate financial statements of each individual group entity.

Note: FRS 24 does not mandate inter-company billing arrangements. Therefore the allocation would be for disclosure purposes.

iGAAP 2014 Chapter A23.5.2.2

2. Non-monetary benefits to key management personnel

For the purposes of FRS 24.18, it would be appropriate to disclose non-monetary benefits granted to key management personnel. For example, where a member of key management personnel is given, as part of his employment package, the benefit of staying in a residential property owned by the reporting entity, it would be appropriate to disclose the depreciation of the property recognised in the period, because that is the amount the entity has recognised in profit or loss in respect of the benefits.

FRS 24 does not require disclosure of fair value of the benefit provided. The entity should consider whether the amount recognised reflects the nature of the benefit provided. If the fair value of the benefit could be determined reliably, disclosure of additional information that is relevant to users, including a description of the terms and conditions of the compensation, would be encouraged.

3. Directors' and Key Executives' Remuneration

LM 1207(12) to (15)

Where the company is listed, other than the disclosures required by FRS 24, the following are required disclosures in the annual report (i.e. not necessarily in the financial statements):

- The issuer should make disclosure as recommended in the Code of Corporate Governance, or otherwise disclose and explain any deviation from the recommendation.
  [Note - The requirements of the Code of Corporate Governance are reproduced below]
- The remuneration must include all forms of remuneration from the issuer and any of its subsidiaries. In deciding whether an item or benefit is to be included in the remuneration, regard shall be given to the taxability of that item.
- The value of an item or benefit must be disclosed as the original cost or value of the amount or benefit, and not the taxable value to the recipient.
- If a person served in the capacity of a director or key executive for any part of a financial period, disclosure is required of the person's actual remuneration for the period that the person had served as a director or key executive.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

6. Other related party transactions (Continued)

CCG.9

The requirements of the Code of Corporate Governance (2012) on disclosure of remuneration are reproduced below:

Principle:
9. Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines:

CCG 9.1

9.1. The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters.

The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).

CCG 9.2

9.2. The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

CCG 9.3

9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

6. Other related party transactions (Continued)

CCG 9.4

9.4. For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.

CCG 9.5

9.5. The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.

CCG 9.6

9.6. For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 7.45

7. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000 (restated)	$'000	$'000
Cash at bank	5,677	604	2,022	603
Fixed deposits	5,000	500	-	-
Cash on hand	82	71	52	44
	10,759	1,175	2,074	647
Less: Bank overdrafts (Note 27)	(1,907)	(1,909)	-	-
Add: Cash and cash equivalents included in a disposal group held-for-sale	-	-	-	-
Cash and cash equivalents in the statement of cash flows	8,852	(734)	2,704	647

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 107.6,7

8. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(restated)		
Amounts receivable from the sale of goods	82,051	110,111	-	-
Allowance for doubtful debts	(3,240)	(4,390)	-	-
	78,811	105,721	-	-
FRS 11.42(a) Amounts due from construction contract customers (Note 9)	24,930	17,302	-	-
Deferred consideration for the disposal of GAAP Playsystems Limited (Note 50)	23,539	-	-	-
Other receivables due from holding company (Note 5)	209	198	-	-
Trade receivables due from related companies (Note 5)	398	293	-	-
Other receivables due from associates (Notes 6 and 21)	29	142	-	-
Other receivables due from subsidiaries (Notes 5 and 20)	-	-	89,371	55,895
	127,916	123,656	89,371	55,895

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

FRS 107.36(c),37

The average credit period on sales of goods is 60 days (2013: 60 days). No interest is charged on the trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% (2013: 2%) per annum on the outstanding balance. The group has recognised an allowance for doubtful debts of 100% against all receivables over 120 days because historical experience is such that receivables that are past due beyond 120 days are generally not recoverable. Allowances for doubtful debts are recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

8. Trade and other receivables (Continued)

FRS 107.36(c)
FRS 107.34(c)

Before accepting any new customer, the group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 80% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the group. Of the trade receivables balance at the end of the year, $2.1 million (2013: $1.7 million) is due from company E, the group's largest customer. There are no other customers who represent more than 5% of the total balance of trade receivables.

FRS 107.36(c),
FRS 107.37(a)
FRS 107.33(a),(b)

Included in the group's trade receivable balance are debtors with a carrying amount of $1.562 million (2013: $1.033 million) which are past due at the end of the reporting period for which the group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances. The average age of these receivables are 84 days (2013: 85 days).

FRS 107.37(b)

In determining the recoverability of a trade receivable the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there are no further credit allowances required in excess of the allowance for doubtful debts.

The company's other receivables due from subsidiaries are interest-free and repayable on demand and the average age of these receivables is less than 30 days. The company has not recognised any allowance as the directors are of the view that these receivables are recoverable.

Included in the allowance for doubtful debts are specific trade receivables with a balance of $63,000 (2013: $52,000) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of the specific trade receivable and present value of expected liquidation proceeds.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

8. Trade and other receivables (Continued)

Guidance notes – Analysis of trade receivables

Alternatively, the required disclosure can be presented in a tabular form as illustrated below.

The table below is an analysis of trade receivables as at December 31:

Source		Group		Company	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
FRS 107.37(b)	Not past due and not impaired	126,194	122,393	-	-
	Past due but not impaired (i)	1,562	1,033	89,371	55,895
		127,756	123,426	89,371	55,895
	Impaired receivables - collectively assessed (ii)	3,300	4,500	-	-
	Less: Allowance for impairment	(3,177)	(4,338)	-	-
		123	162	-	-
	Impaired receivables - individually assessed (ii)				
FRS 107.37(a)	- Customer placed under liquidation	100	120	-	-
	- Past due more than 36 months and no response to repayment demands	-	-	-	-
	Less: Allowance for impairment	(63)	(52)	-	-
		37	68	-	-
	Total trade receivables, net	127,916	123,656	89,371	55,895
	(i) Aging of receivables that are past due but not impaired				
	< 3 months	1,530	1,000	89,371	55,895
	3 months to 6 months	32	33	-	-
	6 months to 12 months	-	-	-	-
	> 12 months	-	-	-	-
		1,562	1,033	89,371	55,895

(ii) These amounts are stated before any deduction for impairment losses.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

8. Trade and other receivables (Continued)

FRS 107.16

Movement in the allowance for doubtful debts

Source		Group	
		2014	2013
		$'000	$'000
	Balance at beginning of the year	4,390	4,322
FRS 107.20(e)	Amounts written off during the year	(1,050)	(32)
	Amounts recovered during the year	-	-
	(Decrease) Increase in allowance recognised in profit or loss	(100)	100
	Unwinding of discount	-	-
	Balance at end of the year	3,240	4,390

Guidance notes – Derecognition of trade receivables

Below is an illustrative disclosure applicable to entities that have factored their trade receivables with recourse.

Disclosures based on Amendments to FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*

FRS 107 requires disclosure for transactions involving transfers of financial assets, by requiring enhancements to the existing disclosures in FRS 107 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.

The following is a possible disclosure for factored receivables i.e. where an asset is transferred but is not derecognised.

FRS 107.42A,42B, 42D

During the period, the group transferred $xx (2013: $xx) of trade receivables to an unrelated entity. As part of the transfer, the group provided the transferors a credit guarantee over the expected losses of those receivables. Accordingly, the group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see Note x). At the end of the reporting period, the carrying amount of the transferred short-term receivables is $xx million. The carrying amount of the associated liability is $xx.

The transferee of the trade receivables has recourse only on those trade receivables. The fair values of the transferred receivables and the associated liabilities as at December 31, 2014 are as follows:

	Group	
	2014	2013
	$'000	$'000
Transferred trade receivables – at fair value	xxx	xxx
Secured borrowings (Note X) – at fair value	yyy	yyy
Net position	zzz	zzz

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

9. Construction contracts

Source		Group 2014 $'000	Group 2013 $'000
	Contracts in progress at end of the reporting period:		
FRS 11.42(a)	Amounts due from contract customers included in trade and other receivables (Note 8)	24,930	17,302
FRS 11.42(b)	Amounts due to contract customers included in trade and other payables (Note 28)	(3,587)	(3,904)
		21,343	13,398
FRS 11.40(a)	Contract costs incurred plus recognised profits (less recognised losses to date)	59,039	33,829
	Less: Progress billings	(37,696)	(20,431)
		21,343	13,398

FRS 11.40(b), (c)

At December 31, 2014, retention monies held by customers for contract work amounted to $2.3 million (2013: $1.8 million). Advances received from customers for contract work amounted to $0.85 million (2013: $Nil).

FRS 1.61

At December 31, 2014, amounts of $4.3 million (2013: $2.1 million) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months, but have been classified as current because they are expected to be realised in the normal operating cycle.

Guidance notes:

FRS 1.66

An entity shall classify an asset as current when:

a. It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
b. It holds the asset primarily for the purpose of trading;
c. It expects to realise the asset within twelve months after the reporting period; or
d. The asset is cash or a cash equivalent (as defined in FRS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

10. Finance lease receivables

Source		Minimum lease payments		Present value of minimum lease payments	
FRS 17.47(a)		Group		Group	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
	Amounts receivable under finance leases:				
FRS 17.47(b)	Within one year	72,526	65,948	54,713	49,674
	In the second to fifth year inclusive	120,875	109,913	114,937	104,489
FRS 17.47(d)		193,401	175,861	169,650	154,163
	Less: Unearned finance income	(23,751)	(21,698)	N/A	N/A
	Present value of minimum lease payments receivable	169,650	154,163	169,650	154,163
	Allowance for uncollectible lease payments	-	-	-	-
	Present value of minimum lease payments receivable	169,650	154,163	169,650	154,163

FRS 1.61 Analysed as:

	Group	
	2014	2013
	$'000	$'000
Current finance lease receivables (recoverable within 12 months)	54,713	49,674
Non-current finance lease receivables (recoverable after 12 months)	114,937	104,489
	169,650	154,163

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

10. Finance lease receivables (Continued)

FRS 17.47(f)
FRS 107.7

The group enters into finance leasing arrangements for certain of its electronic equipment. All leases are denominated in Singapore dollars. The average term of finance leases entered into is 4 years.

FRS 17.47(c)

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at $0.37 million (2013: $0.25 million).

FRS 107.7

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 11.5% (2013: 12%) per annum.

FRS 107.15
FRS 107.36(b)

Finance lease receivable balances are secured over the equipment leased. The group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the group is entitled sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.

FRS 107.6, 7

11. Held for trading investments

	Group	
	2014	2013
	$'000	$'000
Quoted equity shares, at fair value	11,988	11,125

The investments above include investments in quoted equity securities that offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 107.6, 7

12. Held-to-maturity financial assets

	Group	
	2014	2013
	$'000	$'000
Quoted debt securities, at amortised cost	25,255	18,605

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

The average effective interest rate of the quoted debt securities is 1.13% (2013 1.00%) per annum.

As at December 31, 2014, the quoted debt securities have nominal values amounting to $25 million (2013: $19 million), with coupon rates ranging from 0.75% to 1.25% (2013: 0.83% to 1.18%) per annum and mature within 12 months.

There were no disposals or allowance for impairment for held-to-maturity financial assets.

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 107.6, 7

13. Derivative financial instruments

	Group			
	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Forward foreign exchange contracts				
Designated in hedge accounting relationships	1,010	-	2,938	-
Not designated in hedge accounting relationships	114	(273)	-	-
	1,124	(273)	2,938	-
Interest rate swaps, designated in hedge accounting relationships	3,914	-	-	-
	5,038	(273)	2,938	-
Analysed as:				
Current	2,436	(273)	2,938	-
Non-current	2,602	-	-	-
	5,038	(273)	2,938	-

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

FRS 107.22(a),(b),(c)

Forward foreign exchange contracts

The group utilises currency derivatives to hedge significant future transactions and cash flows. The group is party to a variety of forward foreign exchange contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the group is committed are as follows:

	Group	
	2014	2013
	$'000	$'000
Forward foreign exchange contracts	547,040	403,573

In addition, the group had options to purchase United States dollars equivalent to an amount of approximately $50 million (2013: $50 million) as a hedge against exchange losses on future purchases of goods.

Source

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13. Derivative financial instruments (Continued)

FRS 107.23(a) These arrangements are designed to address significant exchange exposures during the first half of 2014, and are renewed on a revolving basis as required.

FRS 107.23(c), (d) The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to $1.01 million (2013: $2.9 million) has been recognised in other comprehensive income. Amounts of $7,000 (2013: $3,000) and $5,000 (2013: $4,000) respectively have been reclassified from equity to profit or loss and inventories in respect of contracts matured respectively during the year.

Changes in the fair value of non-hedging currency derivatives amounting to $5,000 have been charged to profit or loss in the year (2013: $Nil) (Note 43).

Guidance notes – Information on forward foreign currency contracts

FRS 107.34(a) The table below provides an example of summary quantitative data about exposure to foreign exchange risks and the use of forward foreign currency contracts at the end of the reporting period that an entity may provide internally to key management personnel.

FRS 107.25 The following table details the forward foreign currency contracts outstanding as at the end of the reporting period.

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2014	2013	2014	2013	2014	2013	2014	2013
Group			FC'000	FC'000	$'000	$'000	$'000	$'000
Sell US dollars								
Less than 3 months	1.5	1.6	333,333	187,500	500,000	300,000	1,124	2,673
Buy Euro								
Less than 3 months	2.1	2.1	22,400	49,320	47,040	103,573	(273)	265
							851	2,938

FRS 107.23(b) At the start of the third quarter of 2014 the group reduced its forecast on sales to United States due to increased local competition and higher shipping costs. The group has previously hedged $70 million of future sales of which $20 million are no longer expected to occur, and $50 million remains highly probable.

Accordingly the group has reclassified $5,000 of gains on foreign currency forward contracts relating to forecast transactions that are no longer expected to occur from the hedging reserve in equity into profit or loss.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

13. Derivative financial instruments (Continued)

FRS 107.22(a),(b),(c)
FRS 107.23(a)

Interest rate swaps

The group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of $200 million have fixed interest payments at an average rate of 7% for periods up until 2014 and have floating interest receipts at 2% plus Singapore Interbank Offered Rate, which approximates an average of 6% per annum.

FRS 107.25
FRS 107.23(c)
FRS 107.23(d)

All of the group's interest rate swaps are designated and effective as cash flow hedges and the fair value of these interest rate swaps, amounting to $3.91 million (2013: $Nil) has been recognised in other comprehensive income. An amount of $0.9 million (2013: $Nil) has been offset against hedged interest payments made in the year.

FRS 107.34(a)

Guidance notes – Information on interest rate swaps

The tables below provide an example of summary quantitative data about exposure to interest rate risks and the use of interest rate swaps at the end of the reporting period that an entity may provide internally to key management personnel.

FRS 107.39(a)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the end of the reporting period:

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2014	2013	2014	2013	2014	2013
Group			$'000	$'000	$'000	$'000
1 to 2 years	7%	-	200,000	-	3,914	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore interbank rate. The group will settle the difference between the fixed and floating interest rate on a net basis.

FRS 107.22, 23(a)

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the loan period.

Guidance notes – Information on interest rate swaps

If the entity has outstanding fixed for floating contracts, the following illustrative note can be used.

Source

GAAP Singapore Ltd and its subsidiaries

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13. Derivative financial instruments (Continued)

Outstanding fixed for floating contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2014	2013	2014	2013	2014	2013
Group			$'000	$'000	$'000	$'000
Less than 1 year	x	x	xx	xx	xx	xx
[describe]	x	x	xx	xx	xx	xx
			xx	xx	xx	xx

FRS 107.39(a)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore Interbank Offered Rate. The group will settle the difference between the fixed and floating interest rate on a net basis.

FRS 107.24(a)

Interest rate swap contracts exchanging fixed rate interest for floating rate interest are designated and effective as fair value hedges in respect of interest rates. During the period, the hedge was 100% effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the loan was adjusted by $xx which was included in profit or loss at the same time that the fair value of interest rate swap was included in profit or loss.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 2.36(b)

14. Inventories

Source		Group 2014 $'000 (restated)	Group 2013 $'000
FRS 2.37	Raw materials	84,255	80,504
FRS 2.37	Work-in-progress	2,578	1,893
FRS 2.37	Finished goods	30,860	26,301
		117,693	108,698
	Classified as part of a disposal group held for sale (Note 15)	202	-
		117,895	108,698

FRS 2.36(e),(f),(g)

The cost of inventories recognised as an expense includes $2.34 million (2013: $1.86 million) in respect of write-downs of inventory to net realisable value, and has been reduced by $0.5 million (2013: $0.4 million) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales price in certain markets.

FRS 1.61

Inventories of $1.29 million (2013: $0.86 million) are expected to be recovered after more than twelve months.

FRS 2.36(h)

Inventories with carrying amounts of $26 million (2013: $19.3 million) have been pledged as security for certain of the group's bank overdrafts.

FRS 2.36(f), (g)

Guidance notes - Reversal of write-downs

The reversal of any write-down of inventories shall be disclosed in the financial statements along with the circumstances or events that led to the reversal of the write-down.

For example:
Due to an increase in the demand for certain goods and a result of changes in consumer preferences, the group reversed $XXX, being part of an inventory write-down made in 2013, to the current year profit or loss. The reversal is included in "Cost of Sales".

Other reasons could also include having inventories sold above carrying amounts.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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FRS 105.41

15. Assets classified as held for sale

On December 20, 2014, the management resolved to dispose of one of the group's production line for toys and one of the group's production lines for electronic goods. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the production line, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the statement of financial position. The operations are included in the group's electronic goods activities for segment reporting purposes (Note 41).

The proceeds of 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 105.38

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

Source		2014
		$'000
	Goodwill	22
	Property, plant and equipment	1,698
FRS 2.36(c)	Inventories	202
	Total assets classified as held for sale	1,922
	Trade and other payables, and total for liabilities associated with assets classified as held for sale	(247)
	Net assets of disposal group	1,675

FRS 105.41(d)

Guidance notes - Assets classified as held for sale

1. For an entity presenting segment information in accordance with FRS 108 *Operating Segments*, the entity discloses the reportable segment in which the non-current asset (or disposal group) is presented in accordance with FRS 108 *Operating Segments*.

2. FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* specifies the disclosures required in respect of assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other FRSs do not apply to such assets (or disposal groups) unless:

- Those FRSs specifically require disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations (e.g. FRS 16 *Property, Plant and Equipment*); or
- The disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of FRS 105's measurement requirements and the information is not disclosed elsewhere in the financial statements (e.g. measurement of financial instruments in accordance with FRS 39 *Financial Instruments : Recognition and Measurement*).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

16. Property, plant and equipment

Source		Group			
		Leasehold land and buildings at revalued amount	Properties under construction at cost	Plant and equipment at cost	Total
		$'000	$'000	$'000	$'000
	Cost or valuation:				
FRS 16.73(d), (e)	At January 1, 2013 (restated)	448,096	74,002	77,322	599,420
FRS 16.74(b)	Additions	-	3,698	31,690	35,388
	Exchange differences	(1,569)	-	(142)	(1,711)
	Disposal	-	-	(5,000)	(5,000)
	Revaluation decrease	(14,328)	-	-	(14,328)
	At December 31, 2013 (restated)	432,199	77,700	103,870	613,769
	Additions	-	17,260	44,359	61,619
	Acquired on acquisition of a subsidiary	-	-	8,907	8,907
	Exchange differences	2,103	-	972	3,075
	Disposal of a subsidiary	-	-	(22,402)	(22,402)
	Disposals	-	-	(6,413)	(6,413)
	Reclassified as held for sale	-	-	(3,400)	(3,400)
	Revaluation increase	51,486	-	-	51,486
	At December 31, 2014	485,788	94,960	125,893	706,641
	Comprising:				
FRS 16.73(a)	December 31, 2013 (restated)				
	At cost	-	77,700	103,870	181,570
FRS 113.93(e), FRS 16.77	At valuation	432,199	-	-	432,199
		432,199	77,700	103,870	613,769
	December 31, 2014				
	At cost	-	94,960	125,893	220,853
FRS 113.93(e), FRS 16.77	At valuation	485,788	-	-	485,788
		485,788	94,960	125,893	706,641

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

16. Property, plant and equipment (Continued)

Source		Group			
		Leasehold land and buildings at revalued amount	Properties under construction at cost	Plant and equipment at cost	Total
		$'000	$'000	$'000	$'000
	Accumulated depreciation:				
	At January 1, 2013 (restated)	-	-	39,681	39,681
	Depreciation	10,694	-	8,348	19,042
	Exchange differences	(794)	-	(102)	(896)
	Eliminated on disposal	-	-	(1,000)	(1,000)
	Eliminated on revaluation	(9,900)	-	-	(9,900)
	At December 31, 2013 (restated)	-	-	46,927	46,927
	Depreciation	13,172	-	16,345	29,517
	Exchange differences	51	-	927	978
	Eliminated on disposal of a subsidiary	-	-	(12,277)	(12,277)
	Eliminated on disposals	-	-	(5,614)	(5,614)
	Assets reclassified as held for sale	-	-	(1,702)	(1,702)
FRS 36.126(a)	Eliminated on revaluation	(13,223)	-	-	(13,223)
	At December 31, 2014	-	-	44,606	44,606
	Impairment:				
	Impairment loss recognised in the year ended December 31, 2014 and balance at December 31, 2014	-	-	4,130	4,130
	Carrying amount:				
	At December 31, 2014	485,788	94,960	77,157	657,905
	At December 31, 2013 (restated)	432,199	77,700	56,943	566,842

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

16. Property, plant and equipment (Continued)

FRS 36.130(a)–(g)
FRS 36.126 (a)

During the year, the group carried out a review of the recoverable amount of its manufacturing plant and equipment, having regard to its ongoing programme of modernisation and the introduction of new product lines. These assets are used in the group's electronic goods segment[3]. The review led to the recognition of an impairment loss of $4.13 million that has been recognised in profit or loss, and included in the line item [*depreciation and amortisation expense/cost of sales*]. The group also estimated the fair value less costs of disposal of the manufacturing plant and equipment, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is less than the value in use and hence 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 9%. The discount rate used when the recoverable amount of these assets was previously estimated in 2007 was 8%.

FRS 17.31(a)
FRS 107.14

The carrying amount of the group's plant and equipment includes an amount of $2.55 million (2013: $1.40 million) secured in respect of assets held under finance leases.

FRS 16.74(a)
FRS 107.14

The group has pledged land and buildings having a carrying amount of approximately $370 million (2013: $320 million) to secure banking facilities granted to the group.

FRS 16.77(a), (b)
FRS 113.91(a), 93(d)

Fair value measurement of the group's leasehold land and buildings

The group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the group's leasehold land and buildings as at December 31, 2014 and December 31, 2013 were performed by Messrs. Low, Poh & Koh, independent valuers not connected with the group, who have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations.

The fair value of the leasehold land was determined [*based on the market comparable approach that reflects recent transaction prices for similar properties/other methods* (describe)]. The fair value of the buildings was determined using *[the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence/other methods* (describe)*]. [The significant inputs include the estimated construction costs and other ancillary expenditure of approximately $XX million (December 31, 2013: approximately $XX million), and a depreciation factor applied to the estimated construction cost of approximately XX% (December 31, 2013: approximately XX%). A slight increase in the depreciation factor would result in a significant decrease in the fair value of the buildings, and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings, and vice versa.*] There has been no change to the valuation technique during the year.

FRS 113.93(h)(i)

Management considers that certain unobservable inputs used in the fair value measurement of the group's leasehold land and buildings are sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/ decrease in the fair valuation as follows:

[Describe inputs and relationship between observable and unobservable input(s) and fair value – e.g., increase in estimated comparable utility of the building will lead to an increase in the fair value of the building]

Source

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Notes to financial statements
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16. Property, plant and equipment (Continued)

Details of the group's leasehold land and buildings and information about the fair value hierarchy as at December 31, 2013 and 2014 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2014
	$'000	$'000	$'000	$'000
Leasehold land	-	-	421,100	421,100
Buildings	-	-	64,688	64,688
	-	-	485,788	485,788

	Level 1	Level 2	Level 3	Fair value as at December 31, 2013
	$'000	$'000	$'000	$'000
Leasehold land	-	-	359,200	359,200
Buildings	-	-	72,999	72,999
	-	-	432,199	432,199

Guidance note:

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purposes only. It is worth noting the following points:

- The classification into the 3-level hierarchy is not an accounting policy choice. For land and buildings, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3.
- The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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16. Property, plant and equipment (Continued)

FRS 113.93(c) There were no transfers between Level 1 and Level 2 during the year.

FRS 113.95 *[Where there had been a transfer between different levels of the fair value hierarchy, the group should disclose the reasons for the transfer and the group's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer).]*

FRS 113.C3

Guidance note:

FRS 113 contains specific transitional provisions such that entities that apply FRS 113 for the first time do not need to make the disclosures required by the Standard in comparative information provided for periods before initial application of the Standard. Nevertheless, an entity should provide disclosures for the prior period that were required by the then applicable Standards.

Guidance notes – Property, plant and equipment

1. Revaluation of property, plant and equipment

FRS 16.81 Entities that had revalued their property, plant and equipment before January 1, 1984 (in accordance with the prevailing accounting standard at that time) or performed a one-off revaluation of its property, plant and equipment between January 1, 1984 and December 31, 1996, need not revalue their assets.

LM 1207(11)(a)

2. Details of properties

Where the company is listed, in respect of land and buildings, a breakdown in value in terms of freehold and leasehold shall be disclosed 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 value of the consolidated net tangible assets, or contributes more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

i. A brief description and location of the property;
ii. If in the course of construction, the stage of completion as at the date of the financial statements and the expected completion date;
iii. The existing use;
iv. The site and gross floor area of the property; and
v. 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.

FRS 36.130(c)(ii)

3. Impairment disclosures

An entity that reports segment information in accordance with FRS 108 *Operating Segments* discloses the reportable segment that the asset belongs to.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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17. Investment property

Source		Group	
FRS 40.76		2014	2013
		$'000	$'000
	At fair value		
	Balance at beginning of year	11,409	11,299
	Additions through subsequent expenditure	-	-
	Acquisitions through business combinations	-	-
	Other acquisitions	-	-
	Disposals	-	-
	Property reclassified as held for sale	-	-
	Gain from fair value adjustments included in profit or loss	100	-
	Net foreign currency exchange differences	491	110
	Transfers	-	-
	Other changes	-	-
	Balance at end of year	12,000	11,409

All of the group's investment property is held under freehold interests.

FRS 40.75(a)
FRS 40.75(e)
FRS 113.91(a), 93(d)

Fair value measurement of the group's investment properties

The fair values of the group's investment property at December 31, 2014 and 2013 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The fair value was determined [*based on the market comparable approach that reflects recent transaction prices for similar properties/ capitalisation of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties / other methods* (describe)]. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

FRS 113.93(a),(b)

Details of the group's investment properties and information about the fair value hierarchy as at December 31, 2013 and 2014 are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2014
	$'000	$'000	$'000	$'000
Investment property				
Units located in A Land	-	-	7,000	7,000
Units located in B Land	-	5,000	-	5,000

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

17. Investment property (Continued)

	Level 1	Level 2	Level 3	Fair value as at December 31, 2013
	$'000	$'000	$'000	$'000
Investment property				
Units located in A Land	-		6,909	6,909
Units located in B Land	-	4,500	-	4,500

For unit located in A Land, the fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

For investment properties categorised into Level 3 of the fair value hierarchy, the following information is relevant:

FRS 113.93(d)
FRS 113.93(h)(i)

	Valuation techniques	Significant unobservable input(s)	Sensitivity
Units located in A Land	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of x% - x% (2013: x% - x%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of $[X] (2013: $[X]) per square metre ("sqm") per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

Guidance notes:

In considering the level of disaggregation of the properties for the purposes of the above disclosure, management of the entitiy should take into account the nature and characteristics of the properties in order to provide meaningful information to the users of the financial statements regarding the fair value measurement information of the different types of properties. The breakdown above is for illustrative purposes only.

FRS 113.93 There were no transfers between Levels 1 and 2 during the year.

FRS 113.95 *[Where there had been a transfer between different levels of the fair value hierarchy, the group should disclose the reasons for the transfer and the group's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer).]*

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

17. Investment property (Continued)

Guidance notes:

Fair value hierarchy
The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purposes only.

Transitional provisions

FRS 113.C3

FRS 113 contains specific transitional provisions such that entities that apply FRS 113 for the first time do not need to make the disclosures required by the Standard in comparative information provided for periods before initial application of the Standard. Nevertheless, an entity should provide disclosures for the priod period that were required by the then applicable Standards.

Fair value disclosures for investment properties measured using the cost model

FRS 113.97

For investment properties that are measured using the cost model, FRS 40.79(e) requires the fair value of the properties to be disclosed in the notes to the financial statements. In that case, the fair value of the properties for disclosure purpose should be measured in accordance with FRS 113. In addition, FRS 113.97 requires the following disclosures:

- At which level fair value measurement is categorised (i.e. Level 1, 2 or 3);
- Where the fair value measurement is categorised within Level 2 or Level 3, a description of the valuation technique(s) and the inputs used in the fair value measurement; and
- The highest and best use of the properties (if different from their current use) and the reasons why the properties are being used in a manner that is different from their highest and best use.

FRS 40.75(f)(i), (f)(ii)

The property rental income from the group's investment properties all of which are leased out under operating leases, amounted to $0.6 million (2013: $0.07 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $0.4 million (2013: $0.05 million).

LM 1207(11)(b)

Guidance notes - Details of investment properties

Where the company is listed, in respect of land and buildings, a breakdown in value in terms of freehold and leasehold shall be disclosed 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 investment purposes held by the group represents more than 15% of the value of the consolidated net tangible assets, or contributes more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

i. A brief description and location of the property;
ii. The existing use; and
iii. Whether the property is leasehold or freehold. If leasehold, state the unexpired term of the lease.

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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

18. Goodwill

	Group
	$'000
Cost:	
At January 1, 2013 (restated)	2,754
Exchange differences	(216)
At December 31, 2013 (restated)	2,538
Arising on acquisition of a subsidiary	3,658
Eliminated on disposal of a subsidiary	(1,673)
Reclassified as held for sale	(22)
At December 31, 2014	4,501
Impairment:	
Impairment loss recognised in the year ended December 31, 2014 and balance at December 31, 2014	463
Carrying amount:	
At December 31, 2014	4,038
At December 31, 2013 (restated)	2,538

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

FRS 36.134(a)

	Group	
	2014	2013
	$'000	$'000
Electronic goods:		
Huiji Electronic Systems (China) Limited (single CGU)	3,658	-
Construction (comprised several CGUs): residential property construction activities	843	843
Toy operations:		
GAAP Playsystems Limited (single CGU)	-	1,695
	4,501	2,538

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

18. Goodwill (Continued)

FRS 36.134(b)-(d)

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. 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 are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets.

FRS 36.130(g)

The rate used to discount the forecast cash flows from Huiji Electronic Systems (China) Limited is 8.9%, and from the group's residential property construction activities is 11.2%.

FRS 36.135(e)

As at December 31, 2014, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

FRS 36.130(a), (b)
FRS 36.130(d)

At December 31, 2014, before impairment testing, goodwill of $0.84 million was allocated to the residential property construction CGU within the construction business segment[1]. Due to increased competition in the market, the group has revised its cash flow forecasts for this CGU. The residential property CGU has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of $0.46 million.

FRS 36.130(d)(ii)

Guidance notes:

1. Impairment testing disclosures

An entity that reports segment information in accordance with FRS 108 *Operating Segments* discloses the amount of the impairment loss recognised or reversed by reportable segment accordance with FRS 108.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 38.118(c), (e)

19. Other intangible assets

	Group		
	Development costs	Patents and trademarks	Total
	$'000	$'000	$'000
Cost:			
At January 1, 2013	-	13,000	13,000
Additions	-	18,617	18,617
At December 31, 2013	-	31,617	31,617
Additions	3,600	3,835	7,435
Acquired on acquisition of a subsidiary	-	870	870
At December 31, 2014	3,600	36,322	39,922
Amortisation:			
At January 1, 2013	-	9,477	9,477
Amortisation for the year	-	846	846
At December 31, 2013	-	10,323	10,323
Amortisation for the year	360	2,254	2,614
At December 31, 2014	360	12,577	12,937
Carrying amount:			
At December 31, 2014	3,240	23,745	26,985
At December 31, 2013	-	21,294	21,294

FRS 38.118(a)

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for development costs incurred on the group's e-business development is three years. Patents and trademarks are amortised over their estimated useful lives, which is on average 10 years.

FRS 38.118(d)

The amortisation expense has been included in the line item "depreciation and amortisation expense" in profit or loss.

FRS 38.122(b)

The group's patents protect the design and specification of its electronic goods produced in Singapore, the United States and Europe. The carrying amount of patents at December 31, 2014 is $20.2 million (2013: $18.4 million). The average remaining amortisation period for these patents is 7 years.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries

FRS 27.42(b)

	Company 2014 $'000	Company 2013 $'000
Unquoted equity shares, at cost	111,650	110,000

Details of the group's significant subsidiaries at December 31, 2014 are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest		Proportion of voting power held		Principal activity
		2014 %	2013 %	2014 %	2013 %	
GAAP Construction Pte Ltd *	Singapore	100	100	100	100	Property investment and construction
GAAP Manufacturing Limited ** (Note 1)	Hong Kong	45	45	45	45	Manufacture of electronic equipment
GAAP Equipment Leasing Pte Ltd *	Singapore	45	45	45	45	Equipment leasing
GAAP Electronics Sdn Bhd **	Malaysia	100	100	100	100	Manufacture of electronic equipment
GAAP Ventures Pte Ltd *	Singapore	100	100	100	100	Venture capital investments
GAAP Electronics (China) Limited **	People's Republic of China	70	65	70	65	Manufacture of electronic equipment

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest		Proportion of voting power held		Principal activity
		2014 %	2013 %	2014 %	2013 %	
GAAP Pacific Inc **	U.S.A.	90	90	100	100	Sales and distribution
Huiji Electronic Systems (China) Limited # **	People's Republic of China	80	-	80	-	Manufacture of electronic equipment
GAAP Playsystems Limited ## **	Hong Kong	-	100	-	100	Manufacture of electronic components and toys

* Audited by Deloitte & Touche LLP, Singapore.
** Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
# During the financial year, Huiji Electronic Systems (China) Limited was acquired pursuant to a conditional cash offer (Note 51).
GAAP Playsystems Limited was disposed during the financial year (Note 50).

LM 717, 718

LM 717, LM 718

Guidance notes: Other auditors

Where significant subsidiaries are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. A subsidiary 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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

Note 1: Previously classified as "investment in associate". See further details in Note 2 "Effects of adoption of FRS 110."

FRS 112.18

The following schedule shows the effects of changes in the group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	2014 $'000	2013 $'000
Amounts paid on changes in ownership interest in subsidiary	350	-
Non-controlling interest acquired	(100)	-
Difference recognised in equity reserves (Note 36)	250	-

FRS 112.10(a)(i)

Guidance notes

Disclosure on composition of the group below serves as a guide. Management should exercise judgement on the extent of disclosure that is required that clearly explains to users of financial statements the nature and extent of its interests in those other entities.

FRS 112.4
FRS 112.B4(a)
FRS 112.B5-B6

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		December 31, 2014	December 31, 2013
Manufacture of electronic equipment	Malaysia	1	1
Property investment and construction	Singapore	1	1
Venture capital investments	Singapore	1	1
Manufacture of electronic components and toys	Hong Kong	-	1
Sales and distribution	U.S.A	-	1
		3	5

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		December 31, 2014	December 31, 2013
Equipment leasing	Singapore	1	1
Manufacture of electronic equipment	Hong Kong	1	1
Manufacture of electronic equipment	People's Republic of China	2	1
Sales and distribution	U.S.A	1	1
Toy manufacturing	Hong Kong	-	1
Property leasing	Hong Kong	2	2
		7	7

Details of non-wholly owned subsidiaries that have material non-controlling interests to the group are disclosed in the note 20.2 below.

20.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

FRS 112.10(a)(ii)

The table below shows details of non-wholly owned subsidiaries of the group that have material non-controlling interests:
.

FRS 112.12(a) – (f)
FRS 112.B11

Guidance notes:

For illustrative purposes, the following non-wholly subsidiaries are assumed to have non-controlling interests that are material to the group.
The amounts disclosed below do not reflect the elimination of intragroup transactions

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
				$'000	$'000	$'000	$'000
GAAP Manufactuing Limited (i)	Hong Kong	55%	55%	401	464	1,794	1,393
GAAP Equipment Leasing Pte Ltd (ii)	Singapore	55%	55%	61	(258)	1,084	1,023
GAAP Electonics (China) Limited	People's Republic of China	30%	45%	34	(128)	137	103
Huiji Electronic Systems Limited	People's Republic of China	20%	-	98	-	1,278	-
Individually immaterial subsidiaries with non-controlling interests				15	19	292	57
Total				609	97	4,585	2,576

FRS 112.9(b)

i. GAAP Manufacturing Limited is listed on the Hong Kong Stock Exchange. Although the group has only 45% ownership in GAAP Manufacturing Limited, the directors concluded that the group has a sufficiently dominant voting interest to direct the relevant activities of GAAP Manufacturing Limited on the basis of the group's absolute size of shareholding and the relative size of tand dispersion of the shareholdings owned by other shareholders. The 55% ownership interests in GAAP Manufacturing Limited are owned by thousands of shareholders that are unrelated to the group, none individually holding more than 2%.

ii. The group owns 45% equity shares of GAAP Equipment Leasing Pte Ltd. However, based on the contractual arrangements between the group and other investors, the group has the power to appoint and remove the majority of the board of directors of GAAP Equipment Leasing Pte Ltd. The relevant activities of GAAP Equipment Leasing Pte Ltd are determined by the board of directors of GAAP Equipment Leasing Pte Ltd based on simple majority votes. Therefore, the directors of the group concluded that the group has control over GAAP Equipment Leasing Pte Ltd and GAAP Equipment Leasing Pte Ltd is consolidated in these financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	GAAP Manufacturing Limited		GAAP Equipment Leasing Pte Limited		Huiji Electronics (China) Limited		Huiji Electronic Systems Limited	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	1,576	1,070	1,580	1,678	591	464	16,579	-
Non-current assets	2,568	2,317	1,298	987	212	334	13,409	-
Current liabilities	(276)	(266)	(398)	(356)	(224)	(345)	(20,998)	-
Non-current liabilities	(606)	(588)	(509)	(449)	(122)	(224)	(2,598)	-
Equity attributable to owners of the company	1,468	1,140	887	837	320	126	5,111	-
Non-controlling interests	1,794	1,393	1,084	1,023	137	103	1,278	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

	GAAP Manufacturing Limited		GAAP Equipment Leasing Pte Limited		Huiji Electronics (China) Limited		Huiji Electronic Systems Limited	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	2,918	2,285	3,109	3,408	2,453	2,678	6,908	-
Expenses	(2,189)	(1,441)	(2,998)	(3,877)	(2,340)	(2,962)	(6,418)	-
Profit (loss) for the year	729	844	111	(469)	113	(284)	490	-
Profit (loss) attributable to owners of the company	328	380	50	(211)	79	(156)	392	-
Profit (loss) attributable to the non-controlling interests	401	464	61	(258)	34	(128)	98	-
Profit (loss) for the year	729	844	111	(469)	113	(284)	490	-
Other comprehensive income attributable to owners of the company	-	-	-	-	-	-	-	-
Other comprehensive income attributable to the non-controlling interests	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income attributable to owners of the company	328	380	50	(211)	79	(156)	392	-
Total comprehensive income attributable to the non-controlling interests	401	464	61	(258)	34	(128)	98	-
Total comprehensive income for the year	729	844	111	(469)	113	(254)	490	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-
Net cash inflow (outflow) from operating activities	321	359	130	119	98	78	2,089	-
Net cash inflow (outflow) from investing activities	(251)	(39)	24	(21)	34	5	(509)	-
Net cash inflow (outflow) from financing activities	20	(120)	(120)	(73)	(90)	(12)	(448)	-
Net cash inflow (outflow)	90	200	34	25	42	59	1,132	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

20. Subsidiaries (Continued)

FRS 112.13

20.3 Significant restrictions

FRS 112.14–17

[When there are significant restrictions on the company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the group, the group should disclose the nature and extent of significant restrictions. Please see FRS 112.13 for details.]

20.4 Financial support

[When the group gives financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the financial statements. Please see FRS 112.14 – 17 for details.]

21. Associates

	Group	
	2014	2013
	$'000	$'000 (restated)
Cost of investment in associates	32,920	1,120
Share of post-acquisition profit, net of dividend received	12,140	11,154
	45,060	12,274

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

21. Associates (Continued)

21.1 Details of material associates

FRS 112.21(a) Details of the group's significant associates at December 31, 2014 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activity
		2014	2013	2014	2013	
LM 717, 718		%	%	%	%	
Apag Limited**	Elbonia	45	45	40	40	Construction
PAAG Pte Ltd*	Singapore	17	17	17	17	Manufacture of electronic equipment

* Audited by Deloitte & Touche LLP, Singapore.
** Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

FRS 112.21(b)(i) All of the above associates are accounted for using the equity method in these consolidated financial statements.

FRS 112.22(b)
FRS 112.21(b)(iii)
FRS 113.97

i. The financial year end date of Apag Limited is October 31. This was the reporting date established when that company was incorporated, and a change of reporting date is not permitted in Elbonia. For the purposes of applying the equity method of accounting, the financial statements of Apag Limited for the year ended October 31, 2014 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2014. As at December 31, 2014, the fair value of the Group's interest in Apag Limited, which is listed on the stock exchange of Elbonia, was $8 million (December 31, 2013: $7.8 million) based on the quoted market price available on the stock exchange of Elbonia, which is a level 1 input in terms of FRS 113.

FRS 112.9(e
FRS 112.9(e),
FRS 112. 21(a)(iv)

ii. The group has significant influence over PAAG Pte Ltd by virtue of its contractual right to appoint two out of seven directors to the board of that company.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

21. Associates (Continued)

FRS 112.21(b)(ii)
FRS 112.B12
FRS 112.B14(a)

Summarised financial information in respect of each of the group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs *[adjusted by the group for equity accounting purposes]*.

Apag Limited	December 31, 2014	December 31, 2013
	$'000	$'000
Current assets	130,954	123,606
Non-current assets	120,993	91,457
Current liabilities	(140,090)	(167,772)
Non-current liabilities	(18,190)	(25,538)

	Year ended December 31, 2014	Year ended December 31, 2013
	$'000	$'000
Revenue	1,016	1,332
Profit or loss from continuing operations	-	-
Post-tax profit (loss) from discontinued operations	-	-
Profit (loss) for the year	1,016	1,332
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,016	1,332
Dividends received from the associate during the year	-	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

21. Associates (Continued)

FRS 112.B14(b)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Apag Limited recognised in the consolidated financial statements:

	December 31, 2014 $'000	December 31, 2013 $'000
Net assets of the associate	93,667	21,753
Proportion of the group's ownership interest in Apag Limited	45%	40%
Goodwill	-	-
Other adjustments *(please specify)*	-	-
Carrying amount of the group's interest in Apag Limited	42,150	8,701

FRS 112.21(b)(ii)
FRS 112.B12
FRS 112.B14(a)

PAAG Pte Ltd	December 31, 2014 $'000	December 31, 2013 $'000
Current assets	19,151	18,442
Non-current assets	18,460	17,221
Current liabilities	(15,981)	(14,220)
Non-current liabilities	(6,206)	(8,290)

	Year ended December 31, 2014 $'000	Year ended December 31, 2013 $'000
Revenue	5,790	5,890
Profit or loss from continuing operations	2,271	2,262
Post-tax profit (loss) from discontinued operations	-	-
Profit (loss) for the year	2,271	2,262
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,271	2,262
Dividends received from the associate during the year	-	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

21. Associates (Continued)

FRS 112.B14(b

Reconciliation of the above summarised financial information to the carrying amount of the interest in PAAG Pte Ltd recognised in the consolidated financial statements:

	December 31, 2014 $'000	December 31, 2013 $'000
Net assets of the associate	15,424	13,153
Proportion of the group's ownership interest Apag Limited	17%	17%
Goodwill	-	-
Other adjustments *(please specify)*	-	-
Carrying amount of the group's interest in PAAG Pte Ltd	2,622	2,236

Source	Aggregate information of associates that are not individually material	Year ended December 31, 2014 $'000	Year ended December 31, 2013 $'000
FRS 112.21(c)(ii) FRS 112.B16	The group's share of profit (loss) from continuing operations	12	358
	The group's share of post-tax profit (loss) from discontinued operations	-	-
	The group's share of other comprehensive income	-	-
	The group's share of total comprehensive income	12	358
	Aggregate carrying amount of the group's interests in these associates	288	1,337

FRS 112.22(c)

The group has not recognised profits amounting to $386,000 (2013: $384,000) for PAAG Pte Ltd. The accumulated losses not recognised were $100,000 (2013: $80,000).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

21. Associates (Continued)

FRS 28.22

21.2 Change in the group's ownership interest in an associate

Guidance note:

When there is a change in group's ownership interest in associate, the group should disclose details as set out below: Please see FRS 28.22 for details.

[In the prior year, the group held a 40% interest in E Plus Limited and accounted for the investment as an associate. In December 2014, the group disposed of a 30% interest in E Plus Limited to a third party for proceeds of $1.245 million (received in January 2014). The group has accounted for the remaining 10% interest as an available-for-sale investment whose fair value at the date of disposal was $360,000, which was determined using a discounted cash flow model (please describe key factors and assumptions used in determining the fair value). This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

		$'000
Proceeds of disposal		*1,245*
Plus:	*Fair value of investment retained (10%)*	*360*
Less:	*Carrying amount of investment on the date of loss of significant influence*	*(1,024)*
Gain recognised		*581*

The gain recognised in the current year comprises a realised profit of $477,000 (being the proceeds of $1.245 million less $768,000 carrying amount of the interest disposed of) and an unrealised profit of $104,000 (being the fair value less the carrying amount of the 10% interest retained). A current tax expense of $143,000 arose on the gain realised in the current year, and a deferred tax expense of $32,000 has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.]

21.3 Significant restriction

FRS 112.22(a)

[When there are significant restrictions on the ability of associates to transfer funds to the group in form of cash dividends, or to repay loans or advances made by the group, the group should disclose the nature and extent of significant restrictions in the financial statements. Please see FRS 112.22(a) for details.]

LM 717, LM 718

Guidance notes: Other auditors

Where significant associates are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. 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.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

22. Joint Venture

	Group	
	2014	2013
	$'000	$'000
		(restated)
Cost of investment in joint venture	1,800	1,800
Share of post-acquisition profit, net of dividend received	2,124	1,840
Foreign exchange difference	22	22
	3,946	3,662

22.1 Details of material joint venture

Guidance notes:

Similar to the disclosures applicable to investments in associates, FRS 112 requires the following information to be disclosed for each of the group's material joint ventures. In this model, the group only has one joint venture, JV Electronics Limited, and for illustrative purposes, JV Electronics Limited is assumed to be material to the group.

FRS 112.21(a)

Details of the group's material joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			December 31, 2014	December 31, 2013
JV Electronics Limited	Manufacture of electronic equipment	People's Republic of China	33%	33%

FRS 112.21(b)(i)

The above joint venture is accounted for using the equity method in these consolidated financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited.

FRS 112.B14

Summarised financial information in respect of the group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with FRSs *[adjusted by the group for equity accounting purposes].*

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

22. Joint Venture (Continued)

Source	JV Electronics Limited	December 31, 2014	December 31, 2013
FRS 112.21(b)(ii)			
FRS 112.B12		$'000	$'000
FRS 112.B14(a)			
	Current assets	5,454	7,073
	Non-current assets	23,221	20,103
	Current liabilities	(2,836)	(3,046)
	Non-current liabilities	(13,881)	(13,033)

FRS 112.B13 The above amounts of assets and liabilities include the following:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	231	553
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(12,881)	(12,373)

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

22. Joint Venture (Continued)

		Year ended December 31, 2014	Year ended December 31, 2013
		$'000	$'000
	Revenue	6,436	6,076
	Profit or loss from continuing operations	861	733
	Post-tax profit (loss) from discontinued operations	-	-
	Profit (loss) for the year	861	733
	Other comprehensive income for the year	-	-
	Total comprehensive income for the year	861	733
	Dividends received from the joint venture during the year	-	-
FRS 112.B13	The above profit (loss) for the year include the following:		
	Depreciation and amortisation	200	180
	Interest income	-	-
	Interest expense	56	48
	Income tax expense (income)	-	-

FRS 112.B14(b) Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	December 31, 2014	December 31, 2013
	$'000	$'000
Net assets of the joint venture	11,958	11,097
Proportion of the group's ownership interest in the joint venture	33%	33%
Goodwill	-	-
Other adjustments (please specify)	-	-
Carrying amount of the group's interest in the joint venture	3,946	3,662

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

22. Joint Venture (Continued)

FRS 112.21(c)(i)
FRS 112.B16

Aggregate information of joint ventures that are not individually material

	Year ended December 31, 2014 $'000	Year ended December 31, 2013 $'000
The group's share of profit (loss) from continuing operations	-	-
The group's share of post-tax profit (loss) from discontinued operations	-	-
The group's share of other comprehensive income	-	-
The group's share of total comprehensive income	-	-
Aggregate carrying amount of the group's interests in these joint ventures	-	-

FRS 112.22(c)

Unrecognised share of losses of a joint venture

	Year ended December 31, 2014 $'000	Year ended December 31, 2013 $'000
The unrecognised share of loss of a joint venture for the year	-	-

	December 31, 2014 $'000	December 31, 2013 $'000
Cumulative share of loss of a joint venture	-	-

22.2 Significant restriction

FRS 112.22(a)

[When there are significant restrictions on the ability of joint ventures to transfer funds to the group in form of cash dividends, or to repay loans or advances made by the group, the group should disclose the nature and extent of significant restrictions in the financial statements. Please see FRS 112.22(a) for details.]

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

22. Joint Venture (Continued)

22.3 Joint operation

FRS 112.21(a)

The group has a material joint operation, Project GAAP. The group has a 25% share in the ownership of a property located in Singapore. The property upon completion will be held for leasing purposes. The group is entitled to a proportionate share of the rental income received and bears a proportionate share of the joint operation's expenses. The joint operation is audited by Deloitte & Touche LLP, Singapore.

LM 717, LM 718

Guidance notes: Other auditors

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

FRS107.6, 7

23. Available-for-sale investments

	Group	
	2014	2013
	$'000	$'000
Quoted equity shares, at fair value	10,407	13,494
Quoted debt securities, at fair value	8,303	8,221
Unquoted equity shares, at fair value	1,010	1,000
Unquoted debt securities, at fair value	512	500
Total available-for-sale investments	20,232	23,215

The investments in unquoted equity shares at fair value include an impairment loss of $1.5 million (2013: $1.5 million).

The investments above include investments in quoted equity securities that offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

FRS 112.9(d)
2012: FRS 28.37(d)

The investments in quoted equity securities also include 20% equity interest in RCorp Limited, a company involved in the refining and distribution of fuel products. The directors do not consider that the Group is able to exercise significant influence over RCorp Limited as the other 80% of the ordinary share capital is held by one shareholder, who also manages the day-to-day operations of that company.

The investments in unquoted equity investments represent investments in companies that are engaged in research and development activities and/or the commercial application of this knowledge. The recoverability of these investments is uncertain and dependent on the outcome of these activities, which cannot presently be determined.

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 107.6, 7

24. Other financial assets at fair value through profit or loss

	Group	
	2014	2013
	$'000	$'000
Unquoted equity shares, at fair value	1,018	1,000

FRS 28.1

Unquoted equity investments comprise of venture capital investments in 2 entities (2013: 2) which represent more than 20% shareholdings in each entities. These investments are excluded from the scope of FRS 28 – *Accounting for Associates* and are measured at fair value through profit or loss in accordance with FRS 39 – *Financial Instruments: Recognition and Measurement*, as they represent an identified portfolio of investments which the group manages together with an intention of profit taking when the opportunity arises.

Other financial assets at fair value through profit or loss are denominated in Singapore dollars, the functional currency of the entity.

Changes in the fair value of other financial assets at fair value through profit or loss, amounting to $8,000 (2013: $Nil) have been included in profit or loss for the year as part of "Other gains and losses".

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

FRS 107.6, 7

25. Held-to-maturity financial assets

	Group	
	2014	2013
	$'000	$'000
Unquoted debt securities, at amortised cost	2,293	2,694

As at December 31, 2014, the unquoted debt securities have nominal values amounting to $2.3 million (2013: $2.3 million), with coupon rates ranging from 0.05% to 2.13% (2013: 0.05% to 2.13%) per annum and maturity dates ranging from September 7, 2015 to July 11, 2017 (2013: September 7, 2014 to July 11, 2017).

There were no disposals or allowance for impairment for held-to-maturity financial assets.

The held-to-maturity financial assets are denominated in Singapore dollars, the functional currency of the entity.

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

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26. Deferred tax

FRS 12.81(g)(i)
FRS 12.81(g)(ii)

The following are the major deferred tax liabilities and assets recognised by the group and company, and the movements thereon, during the current and prior reporting periods:

FRS 12.81(a)
FRS 12.81(ae)
FRS 1.90

Group

	Accelerated tax depreciation	Deferred development costs	Revaluation of building	Convertible bond-equity component	Retirement benefit obligations	Others	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At January 1, 2013 (restated)	3,304	-	1,046	-	(2,561)	-	(295)	1,494
Charge to other comprehensive income for the year	-	-	320	-	-	-	-	320
Charge (credit) to profit or loss for the year (Note 45)	1,712	-	(10)	-	-	(491)	(544)	667
At December 31, 2013 (reinstated)	5,016	-	1,356	-	(2,561)	(491)	(839)	2,481
Charge directly to equity for the year	-	-	-	174	-	-	-	174
Charge to other comprehensive income for the year	-	-	3,692	-	-	-	-	3,692
Charge (credit) to profit or loss for the year (Note 45)	4,918	552	-	(57)	181	(1,854)	593	4,333
Acquisition of subsidiary	150	-	-	-	-	-	(351)	(201)
Disposal of subsidiary	(469)	-	(66)	-	280	-	-	(255)
Exchange differences	299	-	27	-	(13)	-	(20)	293
Effect of change in tax rate	(100)	-	(27)	-	51	-	-	(76)
As December 31, 2014	9,814	552	4,982	117	(2,062)	(2,345)	(617)	10,441

FRS 12.81(a)
FRS 12.81(ae)
FRS 1.90

Company

	Accelerated tax depreciation	Deferred development costs	Revaluation of building	Convertible bond-equity component	Retirement benefit obligations	Others	Tax losses	Total
At January 1, 2013	-	-	-	-	(2,571)	(491)	-	(3,062)
Charge (credit) to profit or loss for the year	-	-	-	-	10	-	-	10
At December 31, 2013	-	-	-	-	(2,561)	(491)	-	(3,052)
Charge directly to equity for the year	-	-	-	174	-	-	-	174
Charge (credit) to profit or loss for the year	-	-	-	(57)	486	(1,863)	-	(1,434)
Effect of change in tax rate	-	-	-	-	13	9	-	22
As December 31, 2014	-	-	-	117	(2,062)	(2,345)	-	(4,290)

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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26. Deferred tax (Continued)

Certain deferred tax assets and liabilities have been offset in accordance with the group and company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(restated)		
Deferred tax liabilities	15,447	5,772	4,407	3,052
Deferred tax assets	(5,006)	(3,291)	(117)	-
	10,441	2,481	4,290	3,052

FRS 12.81(e) Subject to the agreement by the tax authorities, at the end of the reporting period, the group has unutilised tax losses of $11.23 million (2013: $16.53 million) available for offset against future profits. A deferred tax asset has been recognised in respect of $3.52 million (2013: $5.24 million) of such losses. No deferred tax asset has been recognised in respect of the remaining $7.71 million (2013: $11.29 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of $2.38 million (2013: $3.29 million) that will expire in 2015. Other losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

FRS 12.81(f) At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $7.9 million (2013: $6.3 milion). 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(f) Temporary differences arising in connection with interests in associates and jointly controlled entities are insignif-cant.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

26. Deferred tax (Continued)

FRS 12.80(d)

Guidance notes – Alternative presentation of deferred tax information

1. Deferred tax balances

Deferred tax assets/(liabilities) arise from the following:

2014/2013

FRS 12.81(a),(g),(ab)
FRS 1.90

Group/Company	Opening balance	Charged to income	Charged directly to equity	Charged other comprehensive income	Acquisitions/ disposals	Exchange differences	Changes in tax rate	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Temporary differences								
Cash flow hedges	xx	xx	xx	xx	xx	xx	xx	xx
Equity accounted investments	xx	xx	xx	xx	xx	xx	xx	xx
Property, plant & equipment	xx	xx	xx	xx	xx	xx	xx	xx
Finance leases	xx	xx	xx	xx	xx	xx	xx	xx
Intangible assets	xx	xx	xx	xx	xx	xx	xx	xx
Available-for-sale financial assets	xx	xx	xx	xx	xx	xx	xx	xx
Convertible notes	xx	xx	xx	xx	xx	xx	xx	xx
Exchange difference on foreign subsidiary	xx	xx	xx	xx	xx	xx	xx	xx
Provisions	xx	xx	xx	xx	xx	xx	xx	xx
Doubtful debts	xx	xx	xx	xx	xx	xx	xx	xx
Other financial liabilities	xx	xx	xx	xx	xx	xx	xx	xx
Unclaimed share issue and buy-back costs	xx	xx	xx	xx	xx	xx	xx	xx
Other *[describe]*	xx	xx	xx	xx	xx	xx	xx	xx
	xx	xx	xx	xx	xx	xx	xx	xx

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

26. Deferred tax (Continued)

Guidance notes – Alternative presentation of deferred tax information (Continued)

Group/Company	Opening balance	Charged to income	Charged directly to equity	Charged other comprehensive income	Acquisitions/ disposals	Exchange differences	Changes in tax rate	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Unused tax losses and credits								
Tax losses	xx	xx	xx	xx	xx	xx	xx	xx
Foreign tax credits	xx	xx	xx	xx	xx	xx	xx	xx
Other	xx	xx	xx	xx	xx	xx	xx	xx
	xx	xx	xx	xx	xx	xx	xx	xx
	xx	xx	xx	xx	xx	xx	xx	xx

Deferred tax balances are presented in the statement of financial position as follows:

	2014	2013
	$'000	$'000
Deferred tax liabilities	xx	xx
Directly associated with assets classified as held for sale (Note x)	xx	xx
	xx	xx

2. Unrecognised deferred tax assets

	2014	2013
	$'000	$'000
The following deferred tax assets have not been recognised at the end of the reporting period:		
Tax losses - revenue	xx	xx
Tax losses - capital	xx	xx
Unused tax credits (expire *[date]*)	xx	xx
Temporary differences	xx	xx
	xx	xx

The unrecognised tax losses will expire in 2014.

3. Unrecognised taxable temporary differences associated with investments and interests

	2014	2013
	$'000	$'000
Taxable temporary differences in relation to investments in subsidiaries, branches and associates and interests in joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:		
Domestic subsidiaries	xx	xx
Foreign subsidiaries	xx	xx
Associates and jointly controlled entities	xx	xx
Other *[describe]*	xx	xx
	xx	xx

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 107.7 **27. Bank overdrafts and loans**

	Group	
	2014	2013
	$'000	$'000
		(restated)
Secured – at amortised cost		
Bank overdrafts	1,907	1,909
Bank loans	452,699	529,192
	454,606	531,101
Less: Amount due for settlement within 12 months (shown under current liabilities)	(94,307)	78,686)
Amount due for settlement after 12 months	360,299	452,415

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Bank overdrafts are repayable on demand. Overdrafts of $1.1 million (2013: $1.1 million) have been secured by a charge over the group's inventories.

The group has two principal bank loans:

a. A loan of $376.49 million (2013: $456.92 million). The loan was raised on February 1, 2009. Repayments commenced on January 31, 2013 and will continue until January 2, 2016. The loan is secured by a charge over certain of the group's properties. The loan carries interest at 1% plus prime rate.
b. A loan of $76.21 million (2013: $72.27 million) secured on certain current and non-current assets of the group. This loan was advanced on July 1, 2013 and is due for repayment on January 3, 2016. The bank loan carries fixed interest rate at 8% (2013: 8%) per annum.

FRS 7.50 At December 31, 2014, the group had available $200 million (2013: $200 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Guidance notes

Breach of loan agreement

FRS 107.18 If applicable, the following is an illustrative disclosure:

During 2014, the group was late in paying interest for the first quarter on one of its loans with a carrying amount of $x million. The delay arose because of a temporary lack of funds on the date interest was payable due to a technical problem on settlement. The interest payment outstanding of $y was repaid in full on the following day, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the group's settlement procedures to ensure that such circumstances do not recur.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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FRS 107.7

28. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(restated)		
Trade creditors and accruals	172,396	115,265	351	298
Loans from holding company (Note 5)	15,042	15,008	2,582	4,157
Amounts due to construction contract customers (Note 9)	3,587	3,904	-	-
Financial guarantee contracts	24	18	-	-
Other payables due to holding company (Note 5)	231	139	-	-
Other payables due to related companies (Note 5)	149	78	-	-
Other payables due to subsidiaries (Notes 5 and 20)	-	-	111	79
Contingent consideration recognised on the acquisition of Huiji Electronic Systems (China) Limited (Note 51.1)	75	-	-	-
	191,504	134,412	3,044	4,534
Current	191,429	134,412	3,044	4,534
Non-current	75	-	-	-
	191,504	134,412	3,044	4,534

FRS 107.7

The average credit period on purchases of goods is 3 months (2013: 3 months). No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is charged at 2% (2013: 2%) per annum on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Loans from the holding company are unsecured, interest-free and repayable on demand.

The group is a party to a financial guarantee contract where an entity in the group has provided a financial guarantee to a bank in respect of an entity external to the group. The company also provides a financial guarantee to a bank in respect of loans borrowed by certain subsidiaries. No material adjustment was required in the separate financial statements of the company to recognise the financial guarantee liability.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

28. Trade and other payables (Continued)

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

FRS 103(2009).B67(b)

On the acquisition of Huiji Electronic Systems (China) Limited (Note 51), the group recognised a contingent consideration payable with acquisition date fair values of $75,000. At the end of the reporting period, there have been no changes to the amounts recognised arising from changes in range of outcomes or valuation techniques applied.

FRS 103(2009).B67(b)

Guidance note – Contingent consideration from business combination

For each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, the acquirer shall disclose the following:

i. Any changes in the recognised amounts, including any differences arising upon settlement;
ii. Any changes in the range of outcomes (undiscounted) and the reasons for those changes; and
iii. The valuation techniques and key model inputs used to measure contingent consideration.

Disclosures are made for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

29. Finance leases

		Group			
		Minimum lease payments		Present value of minimum lease payments	
		2014	2013	2014	2013
FRS 17.31(b)		$'000	$'000	$'000	$'000
	Amounts payable under finance leases:				
	Within one year	1,655	2,245	1,470	1,483
	In the second to fifth years inclusive	1,014	1,365	923	1,244
		2,669	3,610	2,393	2,727
FRS 1.61	Less: future finance charges	(276)	(883)	N/A	N/A
	Present value of lease obligations	2,393	2,727	2,393	2,727
	Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,470)	(1,483)
	Amount due for settlement after 12 months			923	1,244

FRS 17.31(e)
FRS 107.7

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years. For the year ended December 31, 2014, the average effective borrowing rate was 8.5% (2013: 8.8%). Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. 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.

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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30. Provisions

FRS 37.84(a) - (c)

		Group			
		Warranty provision	Provision for rectification work	Other	Total
		$'000	$'000	$'000	$'000
	At January 1, 2014	1,572	-	493	2,065
FRS 1.61	Contingent liability recognised on the acquisition of Huiji Electronic Systems (China) Limited (Note 51.2)	-	-	21	21
	Unwinding of discount	-	-	-	-
	Additional provision in the year	946	14,170	58	15,174
	Utilisation of provision	(298)	(8,112)	(300)	(8,710)
	At December 31, 2014	2,220	6,058	272	8,550

	Group	
	2014	2013
	$'000	$'000
Analysed as:		
Current liabilities	6,432	2,065
Non-current liabilities	2,118	-
	8,550	2,065

FRS 37.85

The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the group's 12-month warranty program for electronic products. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

FRS 37.85

The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to one of the group's major customers (Note 47). Anticipated expenditure for 2014 is $3.94 million, and for 2015 is $2.12 million. These amounts have not been discounted for the purpose of measuring the provision for rectification work, because the effect is not material.

FRS 37.86
FRS 103(2009).B64(j)

On the acquisition of Huiji Electronic Systems (China) Limited (Note 51), the group recognised an additional contingent liability in respect of employees' compensation claims outstanding against that entity. The amount was settled prior to the end of the reporting period.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

30. Provisions (Continued)

FRS 37.85(a),(b)

Guidance notes: Disclosure of other types of provisions

Where applicable, the following illustrative notes could be used:

i. The provision for onerous lease contracts represents the present value of the future lease payments that the group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of the leases range from 3 to 5 years.

ii. The provision for restructuring and termination costs represents the present value of the directors' best estimate of the direct costs of the restructuring that are not associated with the ongoing activities of the group, including termination benefits. The restructuring is expected to be completed by *[date]*.

iii. The provision for decommissioning costs represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required to remove leasehold improvements from leased property. The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the leases range from 3 to 5 years.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

FRS 107.7

31. Convertible loan notes

The convertible loan notes were issued on April 1, 2014, and are secured by a personal guarantee of a director. The notes are convertible into ordinary shares of the company at any time between the date of issue of the notes and their settlement date at the option of the holder. On issue, the loan notes were convertible at 18 shares per $10 loan note.

If the notes are not converted, they will be redeemed on April 1, 2015 at par. Interest of 5% will be paid annually until settlement date.

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the group, as follows:

	Group and Company
	2014
	$'000
Nominal value of convertible loan notes issued	25,000
Equity component (net of deferred tax)	(821)
Deferred tax liability	(174)
Liability component at date of issue	24,005
Interest charged	1,260
Interest paid	(938)
Liability component at December 31, 2014	24,327

FRS 107.7

The interest charged for the year is calculated by applying an effective interest rate of 7% to the liability component for the nine month period since the loan notes were issued.

Guidance notes – Disclosures required by FRS 107

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Risks Management", it is not necessary to repeat the same information in this note.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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32. Retirement benefit obligations

FRS 19.43

Defined contribution plans

The employees of GAAP Singapore Ltd and its subsidiaries that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Board Fund, operated by the Government of Singapore. The company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the group with respect to the retirement benefit plan is to make the specified contributions.

The group operates defined contribution retirement benefit plans for all qualifying employees of its construction and leasing divisions in the People's Republic of China and U.S.A. The assets of the plans are held separately from those of the group in funds under the control of trustees. Where employees leave the plans prior to the contributions fully vesting, the contributions payable by the group are reduced by the amount of forfeited contributions.

FRS 19.53

The total expense recognised in profit or loss of $9.8 million (2013: $7.3 million) represents contributions payable to these plans by the group at rates specified in the rules of the plans. As at December 31, 2014, contributions of $0.7 million (2013: $0.8 million) due in respect of current financial year had not been paid over to the plans. The amounts were paid over subsequent to the end of the reporting period.

Defined benefit plan

FRS 19.139

The group operates a funded defined benefit plan for qualifying employees of its subsidiaries in the People's Republic of China, and previously for the employees of GAAP Playsystems Limited. Under the plan, the employees are entitled to retirement benefits varying between 40% and 65% of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided.

FRS 19.139(b)

The plan in the People's Republic of China typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of the plan members (widow and orphan benefits) is re-insured by an external insurance company.

Source

GAAP Singapore Ltd and its subsidiaries

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32. Retirement benefit obligations (continued)

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2014 by Ms L.H. Poh, Fellow of the Institute of Actuaries (2013: Ms L.H. Poh, Fellow of the Institute of Actuaries). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

FRS 19.144 The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2014	2013
Discount rate	7%	7%
Expected return on plan assets	9%	8%
Expected rate of salary increases	5%	5%
Future pension increases	4%	4%
Average longevity (in years) at retirement age for current pensioners*		
Males	27.5	27.3
Females	29.8	29.6
Average longevity (in years) at retirement age for current employees (future pensioners)*		
Males	29.5	29.3
Females	31.0	30.0
Others [*describe*]		

* Based on the People's Republic of China's standard mortality table [with modification to reflect expected changes in mortality. Others *[(please describe)]*.

Source

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32. Retirement benefit obligations (continued)

FRS 19.140

The amount recognised in the statement of financial position in respect of the group's defined benefit retirement benefit plan is as follows:

	Group	
	December 31, 2014	December 31, 2013
	$'000	$'000
Present value of funded obligations	159,021	157,302
Fair value of plan assets	(125,093)	(118,828)
Net liability recognised in the statement of financial position	33, 928	38,474

FRS 19.120, FRS 19.135

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows.

	Group	
	2014	2013
	$'000	$'000
		(restated)
Service cost (FRS 19.141)		
Current service cost	17,561	12,297
Past service cost and (gain)/loss from settlements	(9,903)	(6,306)
Net interest expense	9,021	7,057
Components of defined benefit costs recognised in profit or loss	16,679	13,048
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial gains and losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from changes in demographic assumptions	-	-
Actuarial gains and losses arising from changes in experience adjustments	-	-
Others *(describe)*	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Components of defined benefit costs recognised in other comprehensive income	-	-
Total	16,679	13,048

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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32. Retirement benefit obligations (continued)

FRS 19.135

The charge for the year is included in the employee benefits expense in profit or loss. *[Where analysis of expenses recognised in profit or loss is by nature]*

OR

Of the charge for the year, $12.83 million (2013: $10.04 million) is included in profit or loss in cost of sales and $3.85 million (2013: $3.01 million) is included in administrative expenses. [Where analysis of expenses recognised in profit or loss is by function]

FRS 19.141

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2014	2013
	$'000	$'000
		(restated)
Opening defined benefit obligation	157,302	169,541
Current service cost	17,561	12,297
Interest cost	9,021	7,057
Remeasurement (gains)/losses: Actuarial gains and losses		
from changes in demographic assumptions	-	-
from changes in financial assumptions	-	-
from experience adjustments	-	-
Others *(describe)*	-	-
Past service cost, including losses/(gains) on curtailments	(10,173)	(6,306)
Obligation transferred on disposal of subsidiary	(4,932)	-
Liabilities assumed in a business combination	2,436	-
Exchange differences on foreign plans	-	-
Benefits paid	(12,194)	(25,557)
Closing defined benefit obligation	159,021	157,302

FRS 19.141

Changes in the fair value of plan assets are as follows:

	Group	
	2014	2013
	$'000	$'000
Opening fair value of plan assets	118,828	108,095
Interest income	10,443	9,503
Remeasurement gain (loss):	300	995
Return on plan assets (excluding amounts included in net interest expense)	-	-
Others *(describe)*	-	-
Contributions by employer	5,278	14,440
Contributions by plan participants	2,000	12,266
Exchange difference	438	(914)
Benefits paid	(12,194)	(25,557)
Closing fair value of plan assets	125,093	118,828

Source

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32. Retirement benefit obligations (continued)

FRS 19.142 The fair value of plan assets at the end of the reporting period is analysed as follows:

	Group	
	2014	2013
	$'000	$'000
Equity instruments (categorised by industry type)		
- Consumer industry	1,182	2,629
- Energy and utilities	2,000	2,000
Subtotal	3,182	4,629
Debt instruments (categorised by issuer's rating)		
- AAA	24,096	28,735
- AA	10,000	10,000
Subtotal	34,096	38,735
Property (as categorised by nature and location)		
- Retail shops in Shanghai	20,000	15,000
- Residential properties in Beijing	9,717	3,226
Subtotal	29,717	18,226
Derivatives:		
- Interest rate swaps	40,000	40,000
- Forward foreign exchange contracts	18,098	17,238
Subtotal	58,098	57,238
Total	125,093	118,828

FRS 19.142 The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets. It is the policy of the fund to use interest rate swaps to hedge its exposure to interest rate risk. This policy has been implemented during the current and prior years. Foreign currency exposures are fully hedged by the use of the forward foreign exchange contracts.

The actual return on plan assets was $10.32 million (2013: $9.7 million).

FRS 19.143 The plan assets do not include any of the group's own financial instruments, nor any property occupied by, or other assets used by, the group.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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32. Retirement benefit obligations (continued)

FRS 19.145(a)

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by $744,000 (increase by $740,000).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $120,000 (decrease by $122,000).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by $150,000 (decrease by $156,000).

FRS 19.145(b)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

FRS 19.145(c)

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Guidance note:

In accordance with FRS 19 (revised).173(b), for financial statements with accounting periods that begin before January 1, 2014, entities need not present comparative information for the disclosures required by FRS 19.145 (i.e. the sensitivity of the defined benefit obligation).

FRS 19.146

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study. Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix based on 25% equity instruments, 50% debt instruments and 25% investment property;
- Interest rate sensitivity caused by the duration of the defined benefit obligation should be reduced by 30% by the use of debt instruments in combination with interest rate swaps.
- Maintaining an equity buffer that gives a 97.5% assurance that assets are sufficient within the next 12 months.

There has been no change in the process used by the group to manage its risks from prior periods.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

32. Retirement benefit obligations (continued)

FRS 19.147

The group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed 5% percentage of pensionable salary. The residual contribution (including back service payments) is paid by the entities of the group. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the Fund. Apart from paying the costs of the entitlements, the group's subsidiaries are not liable to pay additional contributions in case the Fund does not hold sufficient assets. In that case, the Fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation at December 31, 2014 is 16.5 years (2013: 15.6 years). This number can be analysed as follows:

- Active members: 19.4 years (2013: 18.4 years);
- Deferred members: 22.6 years (2013: 21.5 years); and
- Retired members: 9.3 years (2013: 8.5 years).

The group expects to contribute approximately $16 million (2013: $18 million) to its defined benefit plan in the subsequent financial year.

Source

GAAP Singapore Ltd and its subsidiaries

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33. Share-based payments

Equity-settled share option scheme

FRS 102.45(a) The company has a share option scheme for all employees of the company. The scheme is administered by the Remuneration and Share Option Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of grant. The Remuneration and Share Option Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years. If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest.

Details of the share options outstanding during the year are as follows:

FRS 102.45(b)

	Group and company			
	2014		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	4,500,000	4.31	2,210,000	4.40
Granted during the year	1,700,000	4.51	2,300,000	4.22
Forfeited during the year	(1,000)	4.45	(10,000)	4.50
Exercised during the year	(650,000)	4.45	-	-
Expired during the year	(60,000)	4.45	-	-
Outstanding at the end of the year	5,489,000	4.38	4,500,000	4.31
Exercisable at the end of the year	1,789,000	4.45	1,000,000	4.40

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

33. Share-based payments (Continued)

FRS 102.45(c), (d)

The weighted average share price at the date of exercise for share options exercised during the year was $4.65 (2013: $Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.4 years (2013: 3.6 years).

FRS 102.47(a)

In 2014, options were granted on March 31, June 30 and October 31. The estimated fair values of the options granted on those dates were $1.84, $2.35 and $2.84 respectively. In 2013, options were granted on June 30 and December 31. The estimated fair values of the options granted on those dates were $1.22 and $2.22 respectively.

These fair values for share options granted during the year were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2014	2013
Weighted average share price	$4.65	$4.37
Weighted average exercise price	$4.51	$4.22
Expected volatility	40%	35%
Expected life	4	4
Risk free rate	3.5%	3.0%
Expected dividend yield	Nil%	Nil%

FRS 102.47(a)

Expected volatility was determined by calculating the historical volatility of the company's share price over the previous 4 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.

FRS 102.51(a)

The group and the company recognised total expenses of $2.86 million (2013: $1.2 million) related to equity-settled share-based payment transactions during the year.

Guidance notes – Share based payment modifications

FRS 102.47(c) requires that for share-based payment arrangements that were modified during the period, the entity is required to disclose:

i. An explanation of those modifications;
ii. The incremental fair value granted (as a result of those modifications); and
iii. Information of how the incremental fair value granted was measured, consistently with the requirements set out in FRS 102.47(a)(b).

Source

GAAP Singapore Ltd and its subsidiaries

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December 31, 2014

33. Share-based payments (continued)

Cash-settled share-based payments

FRS 102.45(a) FRS 102.51(a), (b)	The group issued to certain employees share appreciation rights ("SARs") that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. At December 31, 2014, the group and the company have recorded liabilities of $6.53 million (2013: $3.52 million). The fair value of the SARs is determined using the Black-Scholes pricing model using the assumptions noted above. The group and the company recorded total expenses of $3.01 million (2013: $3.52 million) during the year in respect of SARs. At December 31, 2014, the total intrinsic value of the vested SARs was Nil (2013: $Nil).

Other share-based payment plan

FRS 102.45(a)	Under the company's employee share purchase plan, all employees may purchase the company's shares at 85% of the closing market price on the date of grant during a two-week period each year. Employees may purchase shares having a value not exceeding 15% of their gross compensation during the offering period. The shares so purchased are generally placed in the employees share savings plan and will only be released to employees who remain in the company's employment for a period of three years from the date of grant. Pursuant to the plan, the company issued 1,000,000 shares (2013: Nil) during the year, at an average share price of $4.65 (2013: $Nil). The discount of $0.7 million (2013: $Nil) will be expensed over the vesting period of 3 years.

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 1.79(a)

34. Share capital

	Group and company			
	2014	2013	2014	2013
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At the beginning of the year	120,000,000	120,000,000	152,098	152,098
Exercise of share options	650,000	-	650	-
Issued for cash	1,000,000	-	5,350	-
At the end of the year	121,650,000	120,000,000	158,098	152,098

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

Share options over ordinary shares granted under the employee share option plan:

As at December 31, 2014, employees held options over 5,489,000 ordinary shares (of which 3,700,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

FRS 1.79(a)

Number of options	Expiring on:
1,789,000	June 30, 2016
1,000,000	June 30, 2018
1,000,000	December 31, 2018
250,000	March 31, 2019
1,150,000	June 30, 2019
300,000	October 30, 2019
5,489,000	

As at December 31, 2013, employees held options over 4,500,000 ordinary shares (of which 2,000,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
2,500,000	June 30, 2016
1,000,000	June 30, 2018
1,000,000	December 31, 2018
4,500,000	

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 33 to the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 32.34

35. Treasury Shares

	Group and company			
	2014	2013	2014	2013
	Number of ordinary shares		$'000	$'000
At beginning of the year	-	-	-	-
Repurchased during the year	200,000	-	500	-
At end of the year	200,000	-	500	-

The company acquired 200,000 of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $0.5 million and has been deducted from shareholders' equity. The shares are held as 'treasury shares'. The company intends to reissue these shares to executives who exercise their share options under the employee share option plan.

Guidance notes – Nature and purpose of reserve

FRS 1.79(b) requires an entity to disclose the description of the nature and purpose of each reserve within equity, either in the statement of financial position or in the statement of changes in equity or in the notes to the financial statements, e.g. in the accounting policy notes or as presented in the following paragraphs.

FRS 1.79(b)

36. Capital reserves

Equity reserve
The equity reserve represents:

i. The equity component of convertible debt instruments; and
ii. Effects of changes in ownership interests in subsidiaries when there is no change in control (see Note 20).

Share option reserve
The share option reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set in Notes 33 and 34 of the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 1.79(b)

37. Revaluation reserves

The property revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

FRS 16.77(f)

The revaluation reserves are not available for distribution to the company's shareholders.

FRS 1.106(d)(i) and (ii)

Movement in property revaluation reserves:

	Group	
	2014	2013
	$'000	$'000
At January 1	33,869	37,977
Revaluation changes during the year in other comprehensive income	64,709	(4,428)
Related income tax in other comprehensive income	(3,692)	320
At December 31	94,886	33,869

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

FRS 1.106(d)(i) and (ii)

Movement in investments revaluation reserves:

	Group	
	2014	2013
	$'000	$'000
At January 1	72	432
Changes during the year in other comprehensive income	251	151
Related income tax in other comprehensive income	-	-
Reclassification to profit or loss on disposal	(611)	(511)
Related income tax in profit or loss	-	-
At December 31	(288)	72
Total revaluation reserves	94,598	33,941

Source

GAAP Singapore Ltd and its subsidiaries

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38. Hedging and translation reserves

FRS 1.79(b)

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

FRS 1.106(d)(i) and (ii)

Movement in hedging reserves:

	Group	
	2014	2013
	$'000	$'000
At January 1	2,900	2,290
Changes during the year in other comprehensive income	1,723	1,623
Related income tax in other comprehensive income	-	-
Reclassification to profit or loss on cash flow hedges	(995)	(895)
Related income tax in profit or loss	-	-
Transfer to carrying amount of non-financial hedged item on cash flow hedges	(218)	(118)
At December 31	3,410	2,900

Exchange differences relating to the translation from the functional currencies of the group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserves. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserves.

FRS 1.106(d)(i) and (ii)

Movement in translation reserves:

	Group	
	2014	2013
	$'000	$'000
At January 1	(2,392)	(5,098)
Changes during the year in other comprehensive income	(12,127)	2,706
Related income tax in other comprehensive income	-	-
At December 31	(14,519)	(2,392)
Total hedging and translation reserve	(11,109)	508

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 1.92

39. Components of other comprehensive income

Other comprehensive income:

Source		Group 2014 $'000	Group 2013 $'000 (restated)
	Items that will not be reclassified subsequently to profit or loss		
	Revaluation of property:		
	Gain (loss) on revaluation of property	64,709	(4,428)
	(Deferred tax liability arising) reversal of deferred tax liability on revaluation of land and buildings	(3,692)	320
	Items that may be reclassified subsequently to profit or loss		
	Cash flow hedges:		
FRS 107.23(d)	Gains arising during the year	1,723	1,623
FRS 107.23(e)	Reclassification to profit or loss from equity on cash flow hedges	(995)	(895)
FRS 107.20(a)	Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	(218)	(118)
	Available-for-sale investments:		
	Gains arising during the year	251	151
	Reclassification to profit or loss from equity on disposal of available-for-sale investments	(611)	(511)
	Exchange differences on translation of foreign operations	(12,127)	2,706
	Other comprehensive income for the year, net of tax	49,040	(1,152)

Guidance notes – Reclassification adjustments

FRS 1.94 allows an entity to present reclassification adjustments in the statement of profit or loss and other comprehensive income or in the notes. An entity presenting reclassification adjustments in the notes presents the components of other comprehensive income after any related reclassification adjustments.

Source

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40. Revenue

FRS 18.35(b) An analysis of the group's revenue for the year, for both continuing and discontinued operations, is as follows:

		Group	
		2014	2013
FRS 11.39(a)		$'000	$'000
			(restated)
	Continuing operations		
	Sales of electronics goods	743,127	504,633
	Revenue from construction contracts	304,073	209,562
	Equipment leasing income	16,858	13,492
	Property rental income	602	563
		1,064,660	728,250
	Discontinued operations		
	Sales of toys	159,438	141,203
		1,224,098	869,453

Guidance notes

If not apparent from other notes, an analysis of amounts that were reclassified from equity to profit or loss for the period is required, showing the amount included in each line item in the statement of profit or loss and other comprehensive income. An example of such an analysis is as follows:

A portion of the group's revenue from the sale of goods denominated in foreign currencies is cash flow hedged. The amounts disclosed above for revenue from the sale of goods include the reclassification of the effective amount of the foreign currency derivatives that are used to hedge foreign currency revenue from equity. The amount included in revenue from continuing operations is $ x million (2013: $ x million) and revenue from discontinued operations is $ x million (2013: $ x million).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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41. Segment information

Guidance Notes:

The following segment information is required by FRS 108 *Operating Segments*, to be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):

- whose debt or equity instruments are traded in a public market; or
- that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

FRS 108.22

Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the group's operating divisions (i.e. electronic goods, construction services, and leasing services). However, information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focused on the category of customer for each type of goods and services. The principal categories of customer for these goods and services are corporate customers, government customers, wholesale customers and retail customers. The group's reportable segments under FRS 108 are therefore as follows:

Electronic equipment	– Corporate customers
	– Government customers
	– Wholesale customers
	– Retail customers
Construction services	– Corporate customers
	– Government customers
Leasing services	– Corporate customers
	– Government customers
	– Retail customers

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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41. Segment information (Continued)

FRS 108.16 The electronic equipment segment supply industrial electronic equipment to support the operations of heavy industrial machinery, military equipment and automotives, electronic security systems and office electronic equipment (calculators, computer peripherals etc). It also supplied electronic toys prior to discontinuation (*see below*).

Segment revenues and results

The following is an analysis of the group's revenue and results by reportable segment:

FRS 108.23
FRS 108.23(a)

	Revenue		Net profit	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		(restated)		(restated)
Continuing operations				
Electronic equipment*				
- Corporate customer	301,000	244,983	56,980	14,843
- Government customers	113,006	57,120	6,890	3,567
- Wholesale customers	290,627	184,011	26,422	14,583
- Retail customers	38,494	18,519	5,000	1,000
Construction services				
- Corporate customers	200,000	189,562	25,995	10,157
- Government customers	104,073	20,000	5,879	3,930
Leasing services				
- Corporate customers	9,800	7,821	9,500	5,400
- Government customers	5,820	5,234	5,799	3,820
- Retail customers	1,840	1,000	1,400	709
Total for continuing operations	1,064,660	728,250	143,865	58,009
Share of profits of associates and joint venture			12,763	983
Investment revenue			3,501	717
Central administration costs and directors' salaries			(18,114)	(8,176)
Other gains and losses			120	(50)
Finance costs			(36,870)	(31,613)
Profit before tax (continuing operations)			105,265	19,870

FRS 108.28(b) * excluding electronic toys

Source

GAAP Singapore Ltd and its subsidiaries

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41. Segment information (Continued)

Source		Revenue 2014 $'000	Revenue 2013 $'000	Net profit 2014 $'000	Net profit 2013 $'000
	Discontinued operations				
	Electronic equipment				
	- Retail customers	159,438	141,203	15,053	7,822
	Total for discontinued operations	159,438	141,203	15,053	7,822
	Central administration costs and directors' salaries			(2,067)	(2,432)
	Finance costs			(493)	(830)
FRS 108.28(b)	Profit before tax (discontinued operations)			12,493	4,560
	Income tax expense (continuing and discontinued)			(17,983)	(4,199)
FRS 108.28(a)	Consolidated revenue (excluded Investment revenue) and profit for the year	1,224,098	869,453	99,775	20,231

FRS 108.23(b) Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2013: Nil).

FRS 108.27
FRS 108.23(f) The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The exceptional rectification costs of $14.17 million disclosed in Note 47 relate to the electronic equipment – corporate customers reportable segment.

Source

GAAP Singapore Ltd and its subsidiaries

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41. Segment information (Continued)

Segment assets

		2014	2013
FRS 108.23		$'000	$'000
	Electronic equipment		
	- Corporate customers	250,079	178,879
	- Government customers	159,428	149,074
	- Wholesale customers	125,070	58,076
	- Retail customers	28,000	25,000
	Construction services		
	- Corporate customers	150,112	142,112
	- Government customers	150,121	141,121
	Leasing services		
	- Corporate customers	113,598	116,608
	- Government customers	80,000	80,000
	- Retail customers	20,000	20,000
	Total segment assets	1,076,408	910,870
	Unallocated assets	168,350	154,047
FRS 108.28(c)	Consolidated total assets	1,244,758	1,064,917

FRS 108.27 For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than investments in associates (Note 21), investements in joint venture (Note 22) "other" financial assets and tax assets. Goodwill has been allocated to reportable segments as described in Note 18. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Guidance notes:

An entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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41. Segment information (Continued)

Other segment information

FRS 108.23(e)

	Depreciation and Amortisation		Additions to non-current assets	
	2014	2013	2014	2013
	$'000	$'000 (restated)	$'000	$'000 (restated)
Electronic equipment*				
- Corporate customers	8,900	5,400	33,211	25,001
- Government customers	4,086	3,000	8,124	3,162
- Wholesale customers	3,760	1,521	5,122	2,123
- Retail customers	1,757	891	-	4,222
Construction services				
- Corporate customers	4,953	2,860	14,123	12,212
- Government customers	2,922	1,621	7,235	2,122
Leasing services				
- Corporate customers	2,122	1,011	8,400	2,521
FRS 108.23(i) - Government customers	1,111	421	2,394	1,521
- Retail customers	1,100	513	2,265	1,121
	30,711	17,238	80,874	54,005

In addition to the depreciation and amortisation reported above, impairment losses of $4.13 million (2013: Nil) and $0.46 million (2013: Nil) were recognised in respect of property, plant and equipment and goodwill, respectively.

These impairment losses were attributable to the following reportable segments:

	2014
	$'000
Electronic equipment	
- Corporate customers	2,130
- Government customers	2,000
	4,130

Source

GAAP Singapore Ltd and its subsidiaries

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41. Segment information (continued)

Revenues from major products and services

FRS 108.32

The group's revenues from its major products and services were as follows:

	2014 $'000	2013 $'000 (restated)
Continuing operations		
Industrial electronic equipment	377,088	234,069
Electronic security equipment	271,112	178,085
Office electronic equipment	94,927	92,479
Construction of residential properties	204,073	109,562
Construction of commercial properties	100,000	100,000
Leasing of storage equipment	17,460	14,055
	1,064,660	728,250
Discontinued operations		
Electronic toys	159,438	141,203
Consolidated revenue (excluding investment revenue)	1,224,098	869,453

Source

GAAP Singapore Ltd and its subsidiaries

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41. Segment information (continued)

Geographical information

The group's operates in four principal geographical areas – U.S.A., Singapore (country of domicile), Malaysia and South Korea.

FRS 108.33(a), (b)

The group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates, finance lease receivables and "other" financial assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
Based on location of customer	2014 $'000	2013 $'000 (restated)	2014 $'000	2013 $'000 (restated)
U.S.A.	822,699	584,347	349,261	325,787
Singapore	171,486	121,803	218,551	118,446
Malaysia	52,701	37,432	101,501	127,850
South Korea	137,892	97,942	20,000	20,000
Others	39,320	27,929	10,000	10,000
	1,224,098	869,453	699,313	602,083

Information about major customers

FRS 108.34

Included in revenues arising from sales of electronic equipment to government customers of $113 million (2013: $57.1 million) are revenues of approximately $110 million (2013: $57 million) which arose from sales to the group's largest customer.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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FRS 18.35(b) **42. Investment revenue**

Source		Group Continuing operations 2014 $'000	Group Continuing operations 2013 $'000
	Rental revenue:		
FRS 17.47(e)	Finance lease contingent rental revenue	-	-
	Operating lease rental revenue:	-	-
FRS 40.75(f)	Investment properties	600	68
FRS 17.56(b)	Contingent rental revenue	-	-
	Other	-	-
		600	68
FRS 18.35(b)	Interest revenue:		
	Bank deposits	100	10
	Available-for-sale investments	253	150
	Other loans and receivables	62	40
	Held-to-maturity investments	187	100
FRS 107.20(d)	Impaired financial assets	-	-
FRS 107.20(b)	Total interest revenue	602	300
FRS 18.35(b)	Royalties	-	-
FRS 18.35(b)	Dividends received	2,299	349
	Other (aggregate of immaterial items)	-	-
		3,501	717

Investment revenue earned on financial assets, analysed by category of asset, is as follows:

	2014 $'000	2013 $'000
Available-for-sale financial assets	253	150
Loans and receivables	162	50
Held-to-maturity investments	187	100
	602	300
Investment income earned on non-financial assets	2,899	417
	3,501	717

Revenue recognised in respect of financial assets at FVTPL is disclosed in Note 43.

Source

GAAP Singapore Ltd and its subsidiaries

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43. Other gains and losses

Source		Group Continuing operations 2014 $'000	Group Continuing operations 2013 $'000 (restated)
FRS 1.98(c)	Gain/(loss) on a disposal of property, plant and equipment	-	-
FRS 1.98(d)	Gain/(loss) on disposal of investments	-	-
FRS 20.39(b)	Government grants received for staff re-training	-	-
	Net foreign exchange gains/(losses)	(616)	(596)
FRS 107.20(a)	Change in fair value of financial assets designated as at fair value through profit or loss	12	25
FRS 107.20(a)	Change in fair value of financial assets classified as held-for-trading	13	10
FRS 107.20(a)	Change in fair value of financial liabilities designated as at fair value through profit or loss	-	-
FRS 107.20(a)	Change in fair value of financial liabilities classified as held-for-trading	-	-
FRS 40.76(d)	Change in fair value of investment property	100	-
FRS 107.20(a)	Recycling of gain/(loss) from equity on disposal of investments classified as available-for-sale	611	511
FRS 107.24(b)	Hedge ineffectiveness on cash flow hedges	-	-
FRS 107.24(c)	Hedge ineffectiveness on net investment hedges	-	-
	Other	-	-
		120	(50)

FRS 107.20(a) No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments, other than as disclosed in Note 42 and impairment losses recognised/reversed in respect of trade receivables (see Note 8 and Note 47).

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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44. Finance costs

Source		Group					
		Continuing operations		Discontinued operation		Total	
		2014	2013	2014	2013	2014	2013
		$'000	$'000 (restated)	$'000	$'000	$'000	$'000 (restated)
	Interest on bank overdrafts and loans	41,728	32,275	493	830	42,221	33,105
	Interest on convertible loan notes (Note 31)	1,260	-	-	-	1,260	-
	Interest on obligations under finance leases	348	233	-	-	348	233
FRS 107.20(b)	Total borrowing costs	43,336	32,508	493	830	43,829	33,338
FRS 23.26(a)	Less: Amounts included in the cost of qualifying assets	(5,571)	-	-	-	(5,571)	-
		37,765	32,508	493	830	38,258	33,338
FRS 107.24(a)	Loss/(gain) arising on derivatives in a designated fair value hedge accounting relationship	-	-	-	-	-	-
FRS 107.24(a) FRS 107.23(d)	(Gain)/loss arising on adjustment for hedged item in a designated fair value hedge accounting relationship	-	-	-	-	-	-
	Unwinding of discount on provisions	-	-	-	-	-	-
	Fair value gains on interest rate swaps designated as cash flow hedges reclassified from equity (Note 13)	(895)	(895)	-	-	(895)	(895)
		36,870	31,613	493	830	37,363	32,443

Guidance notes:

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

FRS 23.26(b) Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7% to expenditure on such assets.

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 12.79

45. Income tax expense

Income tax recognised in profit or loss

Source		Continuing operations		Discontinued operation		Total	
		2014	2013	2014	2013	2014	2013
		$'000	$'000	$'000	$'000	$'000	$'000
			(restated)				(restated)
	Tax expense/(income) comprises:						
FRS 12.79	Current tax expense/(income)	11,403	2,748	1,673	252	13,076	3,000
FRS 12.80(a) FRS 12.80(b)	Adjustments recognised in the current year in relation to the current tax of prior years	584	497	66	35	650	532
FRS 12.80(c)	Deferred tax expense/(income) relating to the origination and reversal of temporary differences	4,255	565	78	102	4,333	667
	Deferred tax reclassified from equity to income	-	-	-	-	-	-
		16,242	3,810	1,817	389	18,059	4,199
	Effect of changes in tax rates and laws	(76)	-	-	-	(76)	-
FRS 12.80(d)	Write-downs (reversals of previous write-downs) of deferred tax assets	-	-	-	-	-	-
FRS 12.80(g)	Tax expense/(income) associated with changes in accounting policies that cannot be accounted for retrospectively	-	-	-	-	-	-
FRS 12.80(h)	Total tax expense/(income)	16,166	3,810	1,817	389	17,983	4,199

Guidance notes:

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

FRS 12.81(c) Domestic income tax is calculated at 17% (2013: 17%) 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 total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2014	2013
	$'000	$'000
		(restated)
Profit before tax:		
Continuing operations	105,265	19,870
Discontinued operation	12,493	4,560
	117,758	24,430

Source

GAAP Singapore Ltd and its subsidiaries

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45. Income tax expense (Continued)

Numerical reconciliation of income tax expense

	2014		2013 (restated)	
	$'000	%	$'000	%
Income tax expense calculated at 17%	20,019	17	4,153	17
Effect of revenue that is exempt from taxation	-	-	(14)	(0.1)
Effect of expenses that are not deductible in determining taxable profit	3,206	2.7	-	-
Effect of tax concessions (research and development and other allowances)	-	-	-	-
Tax effect of share of results of associate	(2,553)	(2.2)	(197)	(0.8)
Impairment losses on goodwill that are not deductible	-	-	-	-
Effect of changes in expected manner of recovery of assets	-	-	-	-
Effect of revaluations of assets for taxation purposes	18	-	-	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	-	-	-
Effect of previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	(704)	(0.6)	(235)	(1.0)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,653)	(2.2)	(40)	(0.2)
Effect on deferred tax balances due to the change in income tax rate from [xx]% to 17%	-	-	-	-
Effect of changes in tax laws on deferred tax balances	-	-	-	-
	17,333	14.7	3,667	14.9
Adjustments recognised in the current year in relation to the current tax of prior years	650	0.6	532	2.2
Income tax expense recognised in profit or loss	17,983	15.3	4,199	17.1

Source

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45. Income tax expense (Continued)

Income tax recognised directly in equity

Source		2014	2013
FRS 12.81(a)		$'000	$'000
	Current tax		
	Share-issue expenses	-	-
FRS 12.81(a)	Share buy-back expenses	-	-
	Deferred tax		
	Initial recognition of the equity component of compound financial instruments	-	-
	Share-issue and buy-back expenses deductible over 5 years	-	-
	Excess tax deductions related to share-based payments	-	-
	Other [describe]	-	-
		-	-
	Total deferred tax recognised directly in equity	-	-

Guidance notes:

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

Source

GAAP Singapore Ltd and its subsidiaries

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45. Income tax expense (Continued)

FRS 12.81(ae)
FRS 1.90

Income tax relating to each component of other comprehensive income

	2014	2013
	$'000	$'000
Deferred tax		
Property revaluations	(3,692)	320
Translation of foreign operations	-	-
Revaluations of financial instruments treated as cash flow hedges	-	-
Revaluations of available-for-sale financial assets	-	-
Actuarial movements on defined benefit plans	-	-
	(3,692)	320
Reclassifications from equity to profit or loss:		
Reclassification to profit or loss from equity on cash flow hedges	-	-
Reclassification to profit or loss on disposal of a foreign operation	-	-
	-	-
Total deferred tax on components of other comprehensive income	(3,692)	320
	(3,692)	320

Guidance notes:

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

Source

GAAP Singapore Ltd and its subsidiaries

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46. Discontinued operation

FRS 105.30
FRS 105.41

On May 14, 2014, the group entered into a sale agreement to dispose of GAAP Playsystems Limited, which carried out all of the group's electronic toy manufacturing activities. The disposal was effected in order to generate cash flow for the expansion of the group's other businesses. The disposal was completed on November 30, 2014, on which date control of GAAP Playsystems Limited passed to the acquirer.

The profit for the year from the discontinued operation is analysed as follows:

	2014	2013
	$'000	$'000
Profit of electronic toy manufacturing operation for the year	2,183	4,171
Gain on disposal of toy manufacturing operation (Note 50)	8,493	-
	10,676	4,171

FRS 105.33(b)
FRS 105.34

The results of the toy manufacturing operation for the period from January 1, 2014 to November 30, 2014 are as follows:

Source		2014	2013
		$'000	$'000
	Revenue	159,438	141,203
	Cost of sales	(97,431)	(79,923)
	Distribution costs	(19,447)	(16,458)
	Administrative expenses	(38,067)	(39,432)
	Finance costs	(493)	(830)
	Profit before tax	4,000	4,560
FRS 12.81(h)	Income tax expense	(1,817)	(389)
FRS 105.33(d)	Profit for the year (attributable to owners of the company)	2,183	4,171

FRS 105.33(c)
FRS 105.34

During the year, GAAP Playsystems Limited contributed $4.8 million (2013: $4.25 million) to the group's net operating cash flows, paid $1.37 million (2013: $2.89 million) in respect of investing activities and paid $0.9 million (2013: $3.71 million) in respect of financing activities.

The carrying amounts of the assets and liabilities of GAAP Playsystems Limited at the date of disposal are disclosed in Note 50.

Notes to financial statements

Source

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47. Profit for the year

Profit for the year has been arrived at after charging (crediting):

Source		Group					
		Continuing operations		Discontinued operation		Total	
		2014 $'000	2013 $'000 (restated)	2014 $'000	2013 $'000	2014 $'000	2013 $'000 (restated)
	Depreciation and amortisation:						
	Depreciation of property, plant and equipment	28,097	16,392	1,420	2,650	29,517	19,042
FRS 36.126(a)	Impairment of property, plant and equipment (included in other operating expense)	4,130	-	-	-	4,130	-
FRS 38.118(d)	Amortisation of intangible assets (included in [*depreciation and amortisation expense/ administration expenses*])	2,614	846	-	-	2,614	846
FRS 36.126(a)	Impairment of goodwill (included in [*depreciation and amortisation expense/ administration expenses*])	463	-	-	-	463	-
FRS 1.104	Total depreciation and amortisation	35,304	17,238	1,420	2,650	36,724	19,888
	Directors' remuneration:						
CA 201(8)	- of the company	1,232	1,089	-	-	1,232	1,089
	- of the subsidiaries	726	655	121	135	847	790
	Total directors' remuneration	1,958	1,744	121	135	2,079	1,879

Source

GAAP Singapore Ltd and its subsidiaries

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47. Profit for the year (Continued)

Source		Group					
		Continuing operations		Discontinued operation		Total	
		2014 $'000	2013 $'000 (restated)	2014 $'000	2013 $'000	2014 $'000	2013 $'000 (restated)
	Employee benefits expense (including directors' remuneration):						
FRS 102.50	Share-based payments						
FRS 102.51(a)	Equity settled	2,740	1,092	120	110	2,860	1,202
FRS 102.51(a)	Cash settled	2,905	3,435	105	85	3,010	3,520
FRS 19.46	Defined contribution plans	8,200	5,760	1,600	1,540	9,800	7,300
FRS 19.120A(g)	Defined benefit plans	14,129	10,718	2,550	2,330	16,679	13,048
	Others	192,325	167,804	25,794	22,841	218,119	190,645
FRS 1.104	Total employee benefits expense	220,299	188,809	30,169	26,906	250,468	215,715
FRS 107.20(e)	Impairment loss on financial assets:						
	Impairment loss (reversed)/recognised on trade receivables	(100)	100	-	-	(100)	100
	Impairment loss on available-for-sale debt investments	-	-	-	-	-	-
	Impairment loss on available-for-sale equity investments	-	-	-	-	-	-
	Total impairment loss (reversed) on financial assets	(100)	100	-	-	(100)	100

Source

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47. Profit for the year (continued)

Source		Group					
		Continuing operations		Discontinued operation		Total	
		2014	2013	2014	2013	2014	2013
		$'000	$'000	$'000	$'000	$'000	$'000
			(restated)				(restated)
FRS 21.52(a)	Net foreign exchange losses (gains)	616	596	(318)	(109)	298	487
FRS 38.126	Research and development costs	4,800	6,560	-	-	4,800	6,560
FRS 20.39(b)	Government grants	(398)	(473)	-	-	(398)	(473)
FRS 2.36(d)	Cost of inventories recognised as expense	697,027	552,343	97,431	79,923	794,458	632,266
LM 1207(6)(a)	Audit fees:						
	- paid to auditors of the company	110	100	-	-	110	100
	- paid to other auditors	70	60	-	-	70	60
LM 1207(6)(a)	Total audit fees	180	160	-	-	180	160
	Non-audit fees:						
	- paid to auditors of the company	20	20	-	-	20	20
	- paid to other auditors	40	35	-	5	40	40
	Total non-audit fees	60	55	-	5	60	60
	Aggregate amount of fees paid to auditors	240	215	-	5	240	220

Source

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47. Profit for the year (Continued)

Guidance notes:

1. Additional disclosure if analysis of expenses recognised in profit or loss is by function
Separate disclosure of employee benefit expense and depreciation is required where the analysis of expenses recognised in profit or loss are presented by function.

LM 1207(6) **2. Audit fees disclosure**
Where a company is listed, the disclosures relating to audit fees are required to be made in the annual report i.e. not necessarily in the financial statements.

The specific disclosures required for listed companies are:

LM 1207(6)(a) a. The aggregate amount of fees paid to auditors, broken down into audit and non-audit services. If there are no audit or non-audit fees paid, to make an appropriate negative statement.

LM 1207(6)(b) b. Confirmation by the audit committee that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit committee's opinion, affect the independence of the auditors.

LM 1207(6)(c) c. A statement that the issuer complies with Rules 712, and Rule 715 or 716 in relation to appointment of its auditing firms.

FRS 1.97 Costs of $14.17 million have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the group's major customers, which have been included in *[cost of sales/cost of inventories and employee benefits expense]*. The amount represents the estimated cost of work to be carried out in accordance with an agreed schedule up to 2014. $8.11 million has been expended in the current year, with a provision of $6.06 million (2013: $Nil) carried forward to meet anticipated expenditure in 2014 and 2015 (Note 30).

Source

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48. Dividends

FRS 1.107

On May 23, 2014, a dividend of 4.2 cents per share (total dividend $5.04 million) was paid to shareholders. In May 2013, the dividend paid was 6.7 cents per share (total dividend $8.04 million).

FRS 1.137(a)
FRS 10.13

In respect of the current year, the directors propose that a dividend of 9.8 cents per share will be paid to shareholders on May 25, 2015. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on April 21, 2015. The total estimated dividend to be paid is $11.9 million.

49. Earnings per share

Guidance notes – Earnings per share

FRS 33 Earnings Per Share, requires that earnings per share (EPS) information to be presented by entities whose ordinary shares or potential ordinary shares are publicly traded and by entities that are in the process of issuing ordinary shares or potential ordinary shares in public securities markets. If other entities choose to disclose EPS information in financial statements that comply with FRSs, such disclosures should comply fully with the requirements of FRS 33.

FRS 33.12 requires that basic and diluted earnings per share be computed based on the amounts attributable to ordinary owners of the parent entity in respect of (a) profit or loss from continuing operations attributable to the parent entity; and (b) profit or loss attributable to the parent entity.

<u>Voluntary “per-share” disclosures</u>
Entities may voluntarily disclose per share amounts for other components of total comprehensive income or separate income statement, subject to the requirements of paragraphs 73 and 73A of FRS 33 i.e. provided that:

- Such amounts are calculated using the weighted average number of ordinary shares determined in accordance with FRS 33;
- Basic and diluted amounts per share relating to such a component are disclosed with equal prominence and presented in the notes; and
- The entity discloses the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax.

If a component of the statement of comprehensive income (or separate income statement) is used that is not reported as a line item in the statement of comprehensive income (or separate income statement), a reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income (or separate income statement).

Source

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49. Earnings per share (Continued)

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the company is based on the following data:

FRS 33.70(a)

Earnings

	2014	2013
	$'000	$'000 (restated)
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the company)	99,166	20,134
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	1,040	-
Earnings for the purposes of diluted earnings per share	100,206	20,134

FRS 33.70(b)

Number of shares

	2014	2013
	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	120,825	120,000
Effect of dilutive potential ordinary shares:		
Share options	2,860	1,872
Convertible loan notes	45,000	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	168,685	121,872

Source

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49. Earnings per share (Continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the company is based on the following data.

FRS 33.70(a) Earnings figures are calculated as follows:

	2014	2013
	$'000	$'000 (restated)
Profit for the year attributable to owners of the company	99,166	20,134
Less: Profit for the year from discontinued operation	(10,676)	(4,171)
Earnings for the purposes of basic earnings per share from continuing operations	88,490	15,963
Effect of dilutive potential ordinary shares: Interest on convertible loan notes (net of tax)	1,040	-
Earnings for the purposes of diluted earnings per share from continuing operations	89,530	15,963

FRS 33.70(b) The denominators used are the same as those detailed above for both basic and diluted earnings per share.

FRS 33.68 ***From discontinued operation***

Basic earnings per share for the discontinued operation is 8.8 cents per share (2013: 3.5 cents per share) and diluted earnings per share for the discontinued operation is 6.3 cents per share (2013: 3.4 cents per share), based on the profit for the year from the discontinued operation of $10.7 million (2013: $4.2 million) and the denominators detailed above for both basic and diluted earnings per share.

Source

GAAP Singapore Ltd and its subsidiaries

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49. Earnings per share (Continued)

Impact of changes in accounting policies

FRS 8.28(f)(ii)

Changes in the group's accounting policies during the year are described in detail in note 2. The changes in accounting policies affected only the group's results from continuing operations. To the extent that those changes have had an impact on results reported for 2014 and 2013, they have had an impact on the amounts reported for earnings per share.

The following table summarises that effect on both basic and diluted earnings per share, arising from changes in accouting policies:

	Increase (decrease) in profit for the year attributable to the owners of the company		Increase (decrease) in basic earnings per share		Increase (decrease) in diluted earnings per share	
	2014	2013	2014	2013	2014	2013
	$'000	$'000	Cents per share	Cents per share	Cents per share	Cents per share
Changes in accounting policies relating to:						
- Application of FRS 110 (see Note 2.2)	*N/A*	*464*	*N/A*	*0.38*	*N/A*	*0.28*
- Application of FRS 111 (see Note 2.2)	*N/A*	*-*	*N/A*	*-*	*N/A*	*-*
	N/A	*464*	*N/A*	*0.38*	*N/A*	*0.28*

FRS110.C2A
FRS111.C1B
FRS 8.28(f)

Guidance notes:

When an entity applies a FRS for the first time that has an effect on the current or prior period, FRS 8.28(f) requires the entity to disclose, for the current and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected and for basic and diluted earnings per share. FRS 110 and FRS 111 contain specific transitional provisions that require entities to disclose only the effect for the period immediately preceding the date of initial application of the Standards (i.e. 2013). Therefore, the table above does not present the effect for the current period (i.e. 2014) regarding the application of FRSs 110 and 111.

Source

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FRS 7.40(d)

50. Disposal of subsidiary

As referred to in Note 46 to the financial statements, on November 30, 2014, the group discontinued its toy operations at the time of the disposal of its subsidiary, GAAP Playsystems Limited.

Details of the disposal are as follows:

Source	*Book values of net assets over which control was lost*	2014	2013
		$'000	$'000
	Non-current asset		
	Property, plant and equipment	10,125	-
	Current assets		
	Inventories	11,976	-
	Trade receivables	13,549	-
	Bank balances and cash	4,382	-
	Total current assets	29,907	-
	Non-current liabilities		
	Retirement benefit obligation	(4,932)	-
	Deferred tax liability	(255)	-
	Total non-current liabilities	(5,187)	-
	Current liabilities		
	Current tax liability	(1,854)	-
	Trade payables	(2,321)	-
	Bank overdraft	(6,398)	-
	Total current liabilities	(10,573)	-
FRS 7.40(a)	Attributable goodwill	1,673	-
	Net assets derecognised	25,945	-
	Consideration received:		
FRS 7.40(b)	Cash	10,899	-
	Deferred consideration		
		23,539	-
	Total consideration received	34,438	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

50. Disposal of subsidiary (Continued)

FRS 27.41(f)(i)

	2014	2013
	$'000	$'000
Gain on disposal:		
Consideration received (FRS 27.41(f)(i))	34,438	-
Net assets derecognised	(25,945)	-
Non-controlling interest derecognised	-	-
Fair value of retained interest	-	-
Cumulative gain/loss on available-for-sale financial assets reclassified from equity on loss of control of subsidiary	-	-
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	-	-
Gain on disposal	8,493	-

The gain on disposal of the subsidiary is recorded as part of Profit for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

Guidance notes:

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

	2014	2013
	$'000	$'000
Net cash inflow arising on disposal:		
Cash consideration received	10,899	-
Cash and cash equivalents disposed of	(4,382)	-
(FRS 7.40(c))	6,517	-

The deferred consideration will be settled in cash by the purchaser on or before May 30, 2014.

The impact of GAAP Playsystems Limited on the group's results and cash flows in the current and prior periods is disclosed in Note 46.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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51. Acquisition of Subsidiary

FRS 103(2009).B66

Guidance notes

The disclosures illustrated here that are required by FRS 103(2009).B64 are also required for business combinations after the end of the reporting period but before the financial statements are authorised for issue unless the initial accounting for the acquisition is incomplete at the time the financial statements are authorised for issue. In such circumstances, the entity is required to describe which disclosures could not be made and the reasons why they could not be made.

FRS 103(2009). B64(a) to (d)

On August 1, 2014, the group acquired 80% of the issued share capital of Huiji Electronic Systems (China) Limited ("HESL") for cash consideration of $8.1 million. This transaction has been accounted for by the acquisition method of accounting.

HESL is an entity incorporated in the People's Republic of China with its principal activity being the manufacture of electronic equipment. The group acquired HESL for various reasons, the primary reason being to gain access to HESL's already established manufacturing facilities and assembled workforce (instead of setting up new facilities which may take time to reach optimum production efficiency levels).

FRS 103(2009). B64(f)

51.1 Consideration transferred (at acquisition date fair values)

Source	Huiji Electronic Systems (China) Limited	$'000
	Cash	7,942
	Contingent consideration arrangement (i)	75
	Effect of settlement of legal claim against HESL (ii)	40
FRS 7.40(a)	Total	8,057

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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51. Acquisition of subsidiary (Continued)

FRS 103(2009).B64(g)

i. The contingent consideration requires the group to pay the vendors an additional $3,000,000 if HESL's profit before interest and tax (PBIT) in each of the years 2014 and 2015 exceeds $5,000,000. HESL's PBIT for the past three years has been $2,700,000 on average and the directors do not consider it probable that this payment will be required. $75,000 represents the estimated fair value of this obligation estimated based on an income approach and discounted at 13% per annum.

FRS 103(2009).B64(l)

ii. iPrior to the acquisition of HESL, the group was pursuing a legal claim against that company in respect of damage to goods in transit to a customer. Although the group was confident of recovery, this amount has not previously been recognised as an asset. In line with the requirements of FRS 103(2009), the group has recognised the effective settlement of this legal claim on the acquisition of HESL by recognising $40,000 (being the estimated fair value of the claim) as a gain in the statement of profit or loss and other comprehensive income within the 'other gains and losses' line item. This has resulted in a corresponding increase in the consideration transferred.

The fair value of the gain was determined after considering estimations of probabilities of outcomes of the lawsuit, and associated legal fees.

Guidance notes – Transactions recognised separately from the acquisition of assets or assumption of liabilities in a business combination

FRS 103(2009).51

The illustrative disclosures above are on a settlement of pre-existing non-contractual relationship between acquirer and acquiree, and is an example of a transaction to be recognised separately from the acquisition of assets or assumption of liabilities in a business combination.

A transaction entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree (or its former owners) before the combination, is likely to be a separate transaction. The following are examples of separate transactions that are not to be included in applying the acquisition method:

a. A transaction that in effect settles pre-existing relationships between the acquirer and acquiree;
b. A transaction that remunerates employees or former owners of the acquiree for future services; and
c. A transaction that reimburses the acquiree or its former owners for paying the acquirer's acquisition- related costs.

FRS 103(2009).B50–B62 provide related application guidance.

FRS 103(2009).B64(m)

Acquisition-related costs amounting to $145,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'other operating expenses' line item in the statement of profit or loss and other comprehensive income.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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51. Acquisition of subsidiary (Continued)

FRS 103(2009).B64(i) **51.2 Assets acquired and liabilities assumed at the date of acquisition**

FRS 7.40(d)

Huiji Electronic Systems (China) Limited	Total
	$'000
Current assets	
Cash and and cash equivalents	4,272
Trade and other receivables	12,520
Inventories	2,854
Non-current assets	
Trademarks	870
Plant and equipment	8,907
Deferred tax asset	351
Current liabilities	
Trade and other payables	(21,268)
Non-current liabilities	
Deferred tax liabilities	(150)
Retirement benefit obligation	(2,436)
Contingent liabilities	(21)
Net assets acquired and liabilities assumed	5,899

FRS 103(2009).B64(j)

Guidance notes: Contingent liability assumed in a business combination

If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose the information required by FRS 37.86 (See Note 53 of the illustrative financial statements), and the reasons why the liability cannot be measured reliably.

FRS 37.86 requires a brief description of the nature of the contingent liability and, where practicable:

a. *An estimate of its financial effect;*
b. *An indication of the uncertainties relating to the amount or timing of any outflow; and*
c. *The possibility of any reimbursement.*

FRS 103(2009).B64(h) The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of $12,520,000 had gross contractual amounts of $13,000,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $480,000.

Source

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51. Acquisition of subsidiary (Continued)

FRS 103(2009).B64(h)

Guidance notes: Acquired receivables

The disclosures above in relation to acquired receivables should be provided by major class of receivables e.g. loans, direct finance leases and any other class of receivables.

51.3 Non-controlling interest

FRS 103(2009).B64(o)

The non-controlling interest (20%) in HESL recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $1,500,000. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- Assumed discount rate range of 18% to 22%;
- Assumed long-term sustainable growth rates of 3% to 5%; and
- Assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in HESL.

51.4 Goodwill arising on acquisition

	Total
Huiji Electronic Systems (China) Limited	$'000
Consideration transferred	8,057
Plus: Non-controlling interest	1,500
Less: fair value of identifiable net assets acquired	(5,899)
Goodwill arising on acquisition	3,658

FRS 103(2009).B64(e)

Goodwill arose in the acquisition of HESL because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of HESL. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2014

51. Acquisition of Subsidiary (Continued)

The group also acquired the customer lists and customer relationships of HESL as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. Consequently, they are subsumed into goodwill.

FRS 103(2009).B64(k) None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Guidance notes: Bargain purchase

FRS 103(2009).B64(n) In a bargain purchase the acquirer is required to disclose:

- The amount of any gain recognised and the line item in the statement of comprehensive income in which the gain is recognised; and
- A description of the reasons why the transaction resulted in a gain.

FRS 103(2009) does not specify that the amount of the gain recognised must be shown as a separate line item. It could be shown as part of 'other gains and losses'. However, the requirements of FRS 103(2009).B64(n) ensure that the amount is separately disclosed in the notes.

51.5 Net cash outflow on acquisition of subsidiaries

Source		Year ended December 31, 2014	Year ended December 31, 2013
		$'000	$'000
FRS 7.40(b)	Consideration paid in cash	7,942	-
FRS 7.40(c)	Less: Cash and cash equivalent balances acquired	(4,272)	-
		3,670	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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51. Acquisition of Subsidiary (Continued)

51.6 Impact of acquisitions on the results of the group

FRS 103(2009).B64(q)

Included in the profit for the year is $0.5 million attributable to the additional business generated by HESL. Revenue for the period from HESL amounted $6.9 million.

Had the business combination during the year been effected at January 1, 2014, the revenue of the group from continuing operations would have been $1.1 billion, and the profit for the year from continuing operations would have been $106.2 million.

Guidance note - Impact of acquisitions on the results of the group

If disclosure of any of the information required by FRS 103(2009).B64(q) above is impracticable, the acquirer should disclose that fact and explain why the disclosure is impracticable.

FRS 103(2009).61

The management of the group considers these ‘pro-forma’ numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the ‘pro-forma’ revenue and profit of the group had HESL been acquired at the beginning of the current reporting period, the management has:

- Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;
- Based borrowing costs on the funding levels, credit ratings and debt/equity position of the group after the business combination; and
- Excluded takeover defence costs of the acquiree as a one-off pre-acquisition transaction.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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51. Acquisition of Subsidiary (Continued)

Guidance Notes – Other disclosures

FRS 103(2009).B64(p)

1. Acquisitions achieved in stages

In a business combination achieved in stages, the acquirer is required to disclose:

- The acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date; and
- 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.

The intended scope of the second bullet point is not completely clear. It will certainly capture gains or losses that arise where the previous equity interest was not recognised at fair value, e.g. an interest in an associate to which equity accounting has been applied. But it would appear appropriate also to disclose any gain or loss in respect of the previous equity interest that is reclassified from other comprehensive income to the statement of comprehensive income, e.g. because the investment was classified as available-for-sale.

FRS 103(2009).B67(a)

2. Initial accounting for a business combination determined provisionally

If the initial accounting for a business combination is incomplete for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognised in the financial statements for the business combination thus have been determined only provisionally, the acquirer shall disclose the following information:

i. The reasons why the initial accounting for the business combination is incomplete;
ii. The assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete; and
iii. The nature and amount of any measurement period adjustments recognised during the reporting period.

An example of such a disclosure may be as follows:

"The initial accounting for the acquisition of Huiji Electronic Systems (China) Limited has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed below had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

[List out assets, liabilities, non-controlling interests or items of consideration where fair values are provisionally determined]

Disclosures are made for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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FRS 7.43

52. Non-cash transactions

Additions to plant and equipment during the year amounting to $1.56 million (2013: $0.8 million) were financed by new finance leases. Additions of $4.19 million in 2013 were acquired on deferred payment terms, and were settled in the current year.

FRS 37.86

53. Contingent liabilities

During the year, a customer of the group instigated proceedings for alleged defects in an electronic product which, it is claimed, were the cause of a major fire in the customer's premises in February 2014. Total losses to the customer have been estimated at $29.8 million and this amount is being claimed from the group.

The group's lawyers have advised that they do not consider that the claim has merit, and they have recommended that it be contested. No provision has been recognised in these financial statements as the group's management does not consider that there is any probable loss.

The group acquired $0.02 million of contingent liabilities at the date of acquisition of Huiji Electronic Systems (China) Limited (Note 51.2). These were recognised as provisions, and were settled prior to the end of the reporting period (Note 30).

Contingent liabilities arising from interest in a joint venture

FRS 112.23

	Group	
	2014	2013
	$'000	$'000
Guarantees given to banks in respect of bank facilities utilised by JV Electronics Limited	22,981	23,023

The amount disclosed represents the aggregate amount of the contingent liabilities for the group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The group is not contingently liable for the liabilities of the other venturers in its joint ventures.

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 16.74(c)
FRS 40.75(h)

54. Commitments

	Group	
	2014	2013
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	9,965	20,066

FRS 112.23

In addition, the group has entered into a contract for the management and maintenance of its investment property for the next 5 years, which will give rise to an annual charge of $0.12 million.

The group's share of the capital commitments of its joint venture, JV Electronics Limited, is as follows:

	Group	
	2014	2013
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	928	379

55. Operating lease arrangements

The group as lessee

FRS 17.35(c)
FRS 17.35(a)

	Group	
	2014	2013
	$'000	$'000
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	297	283
Contingent rentals	-	-
Sub-lease payments received	-	-
	297	283

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2014	2013
	$'000	$'000
Within one year	309	297
In the second to fifth years inclusive	1,420	1,439
After five years	692	930
	2,421	2,666

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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55. Operating lease arrangements (Continued)

Guidance notes:

Where applicable:

In respect of non-cancellable operating leases, the following liabilities have been recognised:

	Group	
	2014	2013
	$'000	$'000
Onerous lease contracts:		
Current	XX	XX
Non-current	XX	XX
Lease incentives:		
Current	XX	XX
Non-current	XX	XX
	XX	XX

FRS 17.35(d)
FRS 107.7

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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55. Operating lease arrangements (Continued)

FRS 17.56(b), (c)

The group as lessor

The group rents outs its investment properties in Singapore, U.S.A. and the People's Republic of China under operating leases. Property rental income earned during the year was $0.6 million (2013: $0.07 million). The properties are managed and maintained by independent property managers at an annual cost of $0.12 million per year. In addition, legal fees of $0.01 million (2013: $0.01 million) which arose in negotiating operating leases for a substantial proportion of the group's investment property portfolio in 2008 are being expensed over the lease terms of the relevant properties.

Certain of the group's investment properties, with a carrying amount of $3.89 million, have been disposed of since the end of the reporting period. The remaining properties are expected to generate rental yields of 10% on an ongoing basis. All of the properties held have committed tenants for the next seven years.

FRS 17.56(a)

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease payments:

	Group	
	2014	2013
	$'000	$'000
Within one year	810	602
In the second to fifth years inclusive	3,179	3,240
After five years	1,539	2,288
	5,528	6,130

Source

GAAP Singapore Ltd and its subsidiaries

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FRS 10.21

56. Events after the reporting period

On January 18, 2014, the premises of Huiji Electronic Systems (China) Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amounts that will be reimbursed by $8.3 million.

FRS 1.41

57. Reclassifications and comparative figures

Guidance notes: Reclassification and comparative figures

If information on reclassifications and comparative figures are applicable for the year, the following wordings and format could be used:

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements [state reasons, e.g. following the group and company's adoption of the FRSs that became effective during the year].

As a result, certain line items have been amended in the statement of financial position, statement of comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported	After reclassification
	2013	2013
	$'000	$'000
[To provide details]		

Appendix A - Guidance on Financial Statements Disclosures

Guidance on Financial Statement Disclosures

Source

The following are sample disclosures on FRSs that may be relevant to an entity that were issued but not effective at the date of authorisation of the financial statements. The disclosures are purely for illustrative purposes and may not be relevant to the Illustrative Financial Statements of GAAP Singapore Ltd for the year ended December 31, 2014.

FRS 8.30(a)

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)

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

Guidance notes:

Disclosures of FRS issued but not effective

It is not required to list all FRSs, INT FRSs and amendments to FRS that were issued but not effective at date of authorisation of financial statements. Only those relevant to the entity should be indicated.

The list of FRSs issued but not effective yet is complete as of July 31, 2014. The potential impact of any new or revised FRSs, INT FRSs and amendments to FRS after that date but before the issue of the financial statements should also be considered and disclosed.

FRS 8.30(b)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except for the following:

Guidance notes:

The following are illustrative disclosures on the effects of the above new FRSs, INT FRSs and amendments to FRS that may be applicable to most entities.

FRS 8.30(b)

Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. Other contributions by employees or third parties that are not solely linked to current year service are required to be attributed to periods of service either using the plan's contribution formula or on a straight-line basis.

Management does not expect any impact from applying the new amendment.

Guidance on Financial Statement Disclosures

Source

FRS 8.30(b)

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 102 *Share Based Payments*	Definition of vesting condition	Amended definitions of 'vesting condition' and 'market condition' and added definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. Amendments apply prospectively to share-based payment transactions with a grant date on or after July 1, 2014, with earlier application permitted.
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.
FRS 108 *Operating Segments*	Aggregation of Operating Segments Reconciliation of the total of the reportable segments' assets to the entity's assets	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible assets*	Revaluation method: proportionate restatement of accumulated depreciation/amortisation	Removed perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended requirements clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
FRS 24 *Related Party Disclosures*	Key Management Personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (January 2014).

Guidance on Financial Statement Disclosures

Source

FRS 8.30(b)

Improvements to Financial Reporting Standards (February 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after July 1, 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 103 *Business Combinations*	Scope exception for joint ventures	Scope section amended to clarify that FRS 103 does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangements itself.
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. Consistent with the prospective initial application of FRS 113, the amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.
FRS 40 *Investment Property*	Interrelationship between FRS 103 and FRS 40	Amended to clarify that FRS 40 and FRS 103 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether (a) the property meets the definition of investment property in FRS 40 and (b) the transaction meets the definition of a business combination under FRS 103. The amendment applies prospectively for acquisitions of investment property in periods commencing on or after July 1, 2014. An entity is only permitted to adopt the amendments early and/or restate prior periods if the information to do so is available.

The management is currently evaluating the impact of the above Improvements to Financial Reporting Standards (Feburary 2014).