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Model financial statements and disclosure checklist

Singapore GAAP 2005

Audit . Tax . Consulting . Financial Advisory.

Abbreviations

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

CA	Singapore Companies Act
CCG	Code of Corporate Governance
FRS	Singapore Financial Reporting Standards, issued by the Council on Corporate Disclosure and Governance (CCDG)
INT FRS	Singapore Interpretations of Financial Reporting Standards
RAP	Singapore Statements of Recommended Accounting Practice
LM	Singapore Exchange Securities Trading Listing Manual Requirements
SSA	Singapore Standards on Auditing

Preface

Scope

This publication provides a 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

These model financial statements include the disclosures required by the Singapore Companies Act, SGX-ST Listing Manual, and FRSs and INT FRSs that are issued at the date of publication as of September 2005.

Illustrative in nature

The sample disclosures in this model 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 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 profit and loss statement, statement of changes in equity and cash flow statement, the various alternatives allowed under FRSs for those statements have been illustrated. Preparers of financial statements should select the alternatives most appropriate to their circumstance.

The model financial statements contains 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 model 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.

Presentation and disclosure checklist

A checklist is included in this publication that provides a comprehensive guide on the presentation and disclosure requirements under Singapore Companies Act, SGX-ST Listing Manual, FRSs and INT FRSs as of September 2005.

Model financial statements

Model financial statements

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Source	

REPORT OF THE DIRECTORS

CA 201(5)
CA 201(6A)

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended December 31, 2005.[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, 2005)
Ooi Puay Quan	(Appointed on September 7, 2005)
Raymond See Teoh Ung	(Appointed on November 6, 2005)
Vanessa Wong Xiao Ying	(Alternate to Ang Boey Chwee and appointed on January 3, 2006)

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 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:

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 or year or date of appointment, if later	At end of year
GAAP Singapore Ltd (Ordinary shares of $1 each)				
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 Holdings Ltd (Ordinary shares of $1 each)				
Ang Boey Chwee	10,000	10,000	-	-
GAAP Pacific Inc. (Ordinary shares of US$1 each)				
Raymond See Teoh Ung	1,000	1,000	-	-

Source	
CA 7 CA 201(6A)(h) CA 201(6)(g) CA 201(6A)(h) 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 ordinary shares of the company's wholly owned subsidiaries and in the shares held by the company in the following subsidiaries:

	At beginning of year	At end of year
GAAP Equipment Leasing Pte Ltd (Ordinary shares of $1 each)	70,000	70,000
GAAP Electronics (China) Limited (Ordinary shares of RMB100 each)	65,000	70,000
GAAP Pacific Inc (Ordinary shares of US$1 each)	9,000	9,000

	Options to subscribe for ordinary shares of $1 each	
	At date of appointment	At end of year
GAAP Singapore Ltd		
Kenneth Lim Meng Nam	20,000	15,000

LM 1207(7) — The directors' interests in the shares and options of the company at January 21, 2006 were the same at December 31, 2005.

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 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)]

(a) *Options to take up unissued shares*
The Employee Share Option Scheme (the "Scheme") in respect of unissued ordinary shares of $1 each in the company was approved by the shareholders of the company at an Extraordinary General Meeting held on March 15, 2003.

CA 201(11A) — Particulars of the options granted in 2003 under the scheme were set out in the Report of the Directors for the financial year ended December 31, 2003 and in Note 33 to the financial statements.

LM 852(1)(a) — 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)

Under the Scheme granted to the directors and employees, an option 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 $1 each 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.

Source

LM 845(1)
CA 201(12)

(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:

CA 201(11)
CA 201(11B)
CA 201(12)(b)

Number of options to subscribe for ordinary shares of $1 each

Date of grant	Balance at 1.1.2005	Granted	Exercised	Cancelled/ Lapsed	Balance at 31.12.2005	Exercise price per Share	Exercisable period
1.7.2003	2,500,000	-	(650,000)	(61,000)	1,789,000	$1.45	1.7.2005 to 30.6.2007
30.6.2004	1,000,000	-	-	-	1,000,000	$1.22	1.7.2006 to 30.6.2008
31.12.2004	1,000,000	-	-	-	1,000,000	$2.22	1.1.2007 to 31.12.2008
31.3.2005	-	250,000	-	-	250,000	$1.85	1.4.2007 to 31.3.2009
30.6.2005	-	1,150,000	-	-	1,150,000	$2.35	1.7.2007 to 30.6.2009
31.10.2005	-	300,000	-	-	300,000	$2.84	1.11.2007 to 30.10.2009
Total	4,500,000	1,700,000	(650,000)	(61,000)	5,489,000		

LM 852(1)(c)(i), (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 from the commencement of the Scheme to the end of the financial year.

CA 201(12)(b)
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 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, a non-executive director. 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)
(i, ii, iii, v)

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;

CA 201(5)(a)(vi)

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;

CA 201B(5)(iv)

e) the co-operation and assistance given by the management to the group's external auditors; and

Source	
CA 201B(5)(b)	f) the re-appointment of the external auditors of the group.
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 for re-appointment as external auditors of the group at the forthcoming AGM of the company.
	7 AUDITORS[7]
	The auditors, Deloitte & Touche, 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, 2006

Source	
	Guidance Notes – Report of the Directors
CA 4 FRS 1.49 FRS 1.50	**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 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."*
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 the profit and loss note. 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. For options granted by the company during the financial year, the following disclosures have to be made: (a) the number and class of shares in respect of which the option has been granted; (b) the date of expiration of the option; (c) the basis upon which the option may be exercised; and (d) whether the person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.
CA 201(11B)	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 <u>(name of option scheme)</u> 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 was granted."*

Source	
	If no options were exercised during the financial year, the following should be disclosed:
CA 201(12)(a)	*"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."*
	If there are no unissued shares under option at the end of the financial year, the following should be disclosed:
CA 201(12)(b)	*"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.
	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.
CA 203(1) LM 707 CA 201(5) LM Appdx 2.2(10) CA 201(1)(a), (b) CA 201(3A)(i), (ii)	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. AGMs should be held within 4 and 6 months of the end of each financial year for listed and non-listed companies respectively.

Source	
SSA 700(6), (7)	AUDITORS' REPORT TO THE MEMBERS[1] OF GAAP SINGAPORE LTD
SSA 700(8) SSA 700(9)	We have audited the consolidated financial statements of the group and the balance sheet and statement of changes in equity of GAAP Singapore Ltd for the financial year ended December 31, 2005 set out on pages 12 to 68. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.[2]
SSA 700(12), (13) SSA 700(14) SSA 700(15)	We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
	In our opinion,[3]
SSA 700(17) CA 207(2)(a)(i), (ii)	(a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (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, 2005 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; and
CA 207(2)(b)	(b) the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.
SSA 700(26) SSA 700 (25)	Deloitte & Touche Certified Public Accountants Singapore
LM 713	[Name of Partner] Partner Appointed on April 1, 2005
SSA 700 (23), (24)	January 31, 2006[4]

Source	
SSA 700.7	**Guidance Notes – Auditors' Report**
	1. Addressee The auditor's 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 at the end of the first paragraph of the Auditors' Report if the financial statements for the preceding year were unqualified by the predecessor auditors:
SSA 710.17, App.3 Example C	*"The financial statements for the year ended December 31, 2004 were audited by another auditor whose report dated Mm Dd, Yy expressed an unqualified opinion on those statements."*
SSA 710.17	If the financial statements were qualified by the predecessor auditors, the following shall be added to the end of the first paragraph of the Auditor's Report:
	"The financial statements for the year ended December 31, 2004 were audited by another auditor whose report dated Mmmm 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:
	(a) the accompanying consolidated financial statements of the group and the financial statements of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (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, 2005 and of the results and changes in equity of the group and of the company, and cash flows of the group for the year ended on that date; and
	(b) the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.
SSA 700.23 CA 201(4A) SSA 700.24	**4. Date of Auditor's Report** The audit report should be dated as of the completion of the audit. 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 responsibility is to report the financial statements as prepared and presented by management, the auditor should not date the report earlier than the date on which the financial statements are signed or approved by management.
	5. Other specimens and qualified reports For other specimens and qualified reports, please refer to SSA 700 and SSA 710.
SSA 700(25)	**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.

Source		Note	Group		Company	
FRS 1.46(a), (b)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**					
CA 201.3A(a, b)	**BALANCE SHEETS**					
FRS 1.46(b), (c)	**December 31, 2005**					
FRS 1.8(a)						
LM 1207(5)(a), (b)						
FRS 1.36, 1.104	**ASSETS**	Note	2005	2004	2005	2004
FRS 1.46(d), (e)			$'000	$'000	$'000	$'000
FRS 8.28, 8.29, 8.42(a)				(restated)		(restated)
FRS 1.51	**Current assets:**					
FRS 1.57(d), 1.68(i)	Cash and bank balances	7	11,109	1,175	2,074	647
FRS 1.57(a, c),1.68(h)	Trade and other receivables	8	127,916	123,656	89,371	55,895
FRS 1.69	Finance lease receivables	10	54,713	49,674	-	-
FRS 1.69	Held for trading investments	11	11,988	11,125	-	-
FRS 1.69	Held-to-maturity financial assets	12	25,255	18,605	-	-
FRS 1.69	Derivative financial instruments	13	2,436	-	-	-
FRS 1.57(a, c), 1.68(g)	Inventories	14	117,693	108,698	-	-
FRS 1.57(b), 1.68A(a)	Assets classified as held for sale	15	1,922	-	-	-
	Total current assets		353,032	312,933	91,445	56,542
FRS 1.51	**Non-current assets:**					
FRS 1.68(a)	Property, plant and equipment	16	657,905	566,842	-	-
FRS 1.68(b)	Investment properties	17	12,000	11,409	-	-
FRS 1.69	Goodwill	18	2,423	2,538	-	-
FRS 1.68(c)	Other intangible assets	19	26,985	21,294	-	-
FRS 1.69	Negative goodwill		-	(2,465)	-	-
FRS 1.69	Subsidiaries[1]	20	-	-	111,650	110,000
FRS 1.68(e)	Associates[2]	21	45,060	12,274	-	-
FRS 1.69	Available-for-sale investments	23	20,232	23,215	-	-
FRS 1.69	Other financial assets at fair value through profit or loss	24	1,018	1,000	-	-
FRS 1.69	Held-to-maturity financial assets	25	2,293	2,694	-	-
FRS 1.69	Finance lease receivables	10	114,937	104,489	-	-
FRS 1.69	Derivative financial instruments	13	2,602	-	-	-
FRS 1.68(n), 1.70	Deferred tax assets	26	5,006	3,291	117	-
	Total non-current assets		890,461	746,581	111,767	110,000
	Total assets		1,243,493	1,059,514	203,212	166,542
	LIABILITIES AND EQUITY					
FRS 1.51	**Current liabilities:**					
FRS 1.69, 1.68(j)	Bank overdrafts and loans	27	94,307	78,686	-	-
FRS 1.69	Trade and other payables	28	191,429	134,412	3,044	4,534
FRS 1.69	Current portion of finance leases	29	1,470	1,483	-	-
FRS 1.69	Derivative financial instruments	13	273	-	-	-
FRS 1.68(k)	Provisions	30	6,432	2,065	-	-
FRS 1.68(m)	Income tax payable		8,229	1,986	-	-
FRS 1.68A(b)	Liabilities directly associated with assets classified as held for sale	15	247	-	-	-
	Total current liabilities		302,387	218,632	3,044	4,534
FRS 1.51	**Non-current liabilities:**					
FRS 1.69	Bank loans	27	356,353	448,753	-	-
FRS 1.69	Convertible loan notes	31	24,327	-	24,327	-
FRS 1.69	Retirement benefit obligations	32	33,928	38,474	-	-
FRS 1.69	Finance leases	29	923	1,244	-	-
FRS 1.69	Liability for share-based payments	33	6,528	3,516	6,528	3,516
FRS 1.68(k)	Provisions	30	2,118	-	-	-
FRS 1.68(n), 1.70	Deferred tax liabilities	26	15,447	5,772	4,407	3,052
	Total non-current liabilities		439,624	497,759	35,262	6,568
FRS 1.68(p)	**Capital, reserves and minority interests:**					
FRS 1.75(e)	Share capital	34	121,650	120,000	121,650	120,000
FRS 1.69	Treasury shares[5]	35	(500)	-	(500)	-
FRS 1.69	Capital reserves	36	41,331	33,300	41,331	33,300
FRS 1.69	Revaluation reserves	37	95,780	29,100	-	-
FRS 1.69	Hedging and translation reserves	38	(11,700)	(3,906)	-	-
FRS 1.69	Retained earnings	39	251,736	162,053	2,425	2,140
FRS 1.69	Equity attributable to equity holders of the parent		498,297	340,547	164,906	155,440
FRS 1.68(o), 27.33	Minority interests		3,185	2,576	-	-
	Total equity		501,482	343,123	164,906	155,440
	Total liabilities and equity		1,243,493	1,059,514	203,212	166,542

See accompanying notes to financial statements

Source	
	Guidance Notes – Balance Sheets
	1. Exemption from presenting consolidated financial statements
FRS 27.10 CA 201.3A(a, b) CA 201(3BA)	A parent shall consolidate all subsidiaries in its consolidated balance sheet. 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 27.41	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 country of incorporation or residence of the entity whose consolidated financial statements have been produced for public use;
	(d) the address where those consolidated financial statements are obtainable; and
	(e) a list and description of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.
	FRS 27 departs from IAS 27 in that the ultimate or any intermediate parent of the company produces consolidated financial statements available for public use and which need not comply with International Financial Reporting Standards.
	The following disclosure should be included in the notes on the summary of significant accounting policies:
	"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."
FRS 27.19	Companies that are venture capital organisations, mutual funds, unit trusts and similar entities are not excluded from consolidating their subsidiaries.
	2. Exemption from equity accounting for associates
FRS 28.13	A company shall equity account for all associates. A company is exempted from equity accounting for associates if and only if in the following circumstances or the following conditions are all met:
FRS 28.13(a)	(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 28.1	(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 28.13(c)	(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

Source	
	(iv) the ultimate or any intermediate parent of the investor produces consolidated financial statements available for public use.
FRS 31.2	**3. Exemption from proportionate consolidation or equity accounting for joint ventures** A venturer with an interest in a jointly controlled entity is exempted from the requirements of FRS 31.30 (proportionate consolidation) and FRS 31.38 (equity method) when it meets the following conditions:
FRS 31.2(a)	(a) the interest is classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations;
FRS 31.1	(b) the company is a venture capital organization, 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 in accordance with FRS 39; or
FRS 31.2(b), (c)	(c) if all of the following apply: (i) the venturer is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the venturer not applying proportionate consolidation or the equity method; (ii) the venturer'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 venturer 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 venturer produces consolidated financial statements available for public use.
FRS 1.38 FRS 1.39	**4. 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.
	5. Amendments to the Singapore Companies Act on share premium account and treasury shares As at the date of this publication, the commencement date of the Singapore Companies Amendment Act 2005 has not been confirmed. Once the amendments are effected, any share premium account will be combined into the share capital account. Treasury shares will be allowed and presented in accordance with the requirements of FRS 32 *Financial Instruments: Disclosure and Presentation.*

Source				
FRS 1.46(a)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**			**[Alt 1]**
FRS 1.8(b), 1.46(b) FRS 1.46(c) LM 1207(5)(a)	**CONSOLIDATED PROFIT AND LOSS STATEMENT** **Year ended December 31, 2005**			
CA 201.3A(a) FRS 1.104			Group	
FRS 1.46(d), (e)		Note	2005 $'000	2004 $'000 (restated)
	Continuing operations			
FRS 1.81(a)	Revenue	40	1,064,660	728,250
FRS 1.88	Other operating income		9,892	6,745
FRS 1.88	Changes in inventories of finished goods and work in progress		4,026	4,432
FRS 1.88	Raw materials and consumables used		(667,794)	(460,961)
FRS 1.88	Employee benefits expense		(220,299)	(188,809)
FRS 1.88	Depreciation and amortisation expense		(35,304)	(17,238)
FRS 1.88	Other operating expenses		(29,430)	(22,586)
FRS 1.81(c)	Share of profit of associates		12,763	983
FRS 1.83	Investment revenues	42	3,501	717
FRS 1.83	Other gains and losses		(563)	(44)
FRS 1.81(b)	Finance costs	43	(36,187)	(32,165)
FRS 1.83	Profit before tax		105,265	19,324
FRS 1.81(d)	Income tax expense	44	(16,166)	(3,810)
FRS 1.83	Profit for the year from continuing operations		89,099	15,514
	Discontinued operation			
FRS 1.81(e)	Profit for the year from discontinued operation	45	10,676	4,171
FRS 1.81(f)	**Profit for the year**	46	99,775	19,685
	Attributable to:			
FRS 1.82(b)	Equity holders of the parent		99,166	20,134
FRS 1.82(a)	Minority interests		609	97
			99,775	20,231
	Earnings per share	48		
	From continuing and discontinued operations:			
FRS 33.66	Basic		82.1 cents	16.8 cents
FRS 33.66	Diluted		59.4 cents	16.5 cents
	From continuing operations:			
FRS 33.66	Basic		73.2 cents	13.3 cents
FRS 33.66	Diluted		53.1 cents	13.1 cents

See accompanying notes to financial statements

FRS 1.91 *Note: The format outlined above aggregates expenses according to their nature.*

Source				
FRS 1.46(a)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**			**[Alt 2]**
FRS 1.8(b), 1.46(b) FRS 1.46(c) LM 1207(5)(a) CA 201.3A(a)	**CONSOLIDATED PROFIT AND LOSS STATEMENT** Year ended December 31, 2005			
			Group	
FRS 1.104 FRS 1.46(d, e)		Note	2005 $'000	2004 $'000 (restated)
	Continuing operations			
FRS 1.81(a)	Revenue	40	1,064,660	728,250
FRS 1.88	Cost of sales		(697,027)	(552,343)
FRS 1.83	Gross profit		367,633	175,907
FRS 1.88	Other operating income		9,892	6,745
FRS 1.88	Distribution costs		(96,298)	(45,609)
FRS 1.88	Administrative expenses		(132,076)	(69,486)
FRS 1.88	Other operating expenses		(23,400)	(17,724)
FRS 1.81(c)	Share of profit of associates		12,763	983
FRS 1.83	Investment revenues	42	3,501	717
FRS 1.83	Other gains and losses		(563)	502
FRS 1.81(b)	Finance costs	43	(36,187)	(32,165)
FRS 1.83	Profit before tax		105,265	19,870
FRS 1.81(d)	Income tax expense	44	(16,166)	(3,810)
FRS 1.83	Profit for the year from continuing operations		89,099	16,060
FRS 1.81(e)	**Discontinued operation**			
	Profit for the year from discontinued operation	45	10,676	4,171
FRS 1.81(f)	**Profit for the year**	46	99,775	20,231
	Attributable to:			
FRS 1.82(b)	Equity holders of the parent		99,166	20,134
FRS 1.82(a)	Minority interests		609	97
			99,775	20,231
	Earnings per share	48		
	From continuing and discontinued operations:			
FRS 33.66	Basic		82.1 cents	16.8 cents
FRS 33.66	Diluted		59.4 cents	16.5 cents
	From continuing operations:			
FRS 33.66	Basic		73.2 cents	13.3 cents
FRS 33.66	Diluted		53.1 cents	13.1 cents

See accompanying notes to financial statements

FRS 1.92 — *Note: The format outlined above aggregates expenses according to their function.*

Source	
	Guidance Notes – Consolidated Profit and Loss Statement
	1. Profit and loss statement and cash flow statement
CA 201.3A CA 201.3A(b) LM 1207(5)(b) CA 201.3BA	Where consolidated financial statements are required, the profit and loss statement and cash flow statement of the company need not be presented. However, the balance sheet of the company has to be presented. If consolidated financial statements are not required, for reasons such as exemption under FRS 27.10, the profit and loss statement and cash flow statement of the company shall be presented.
	2. Alternative formats of the profit and loss statement
FRS 1.88	The company should present, either on the profit and loss statement or in the accompanying notes to financial statements, an analysis of the expenses using a classification based on by nature or by function.
	3. Earnings per share
FRS 33.66 FRS 33.69 FRS 33.68	The company should present both basic and diluted earnings per share on the profit and loss statement for each class of ordinary shares that has a different right to share in the net profit for the year. The basic and diluted earnings per share should be presented with equal prominence for all periods presented, even should the amounts disclosed be the same or be negative. Where the company reports a discontinued operation, it shall disclose the basic and diluted earnings per share in the profit and loss statement or in the notes to the financial statements.
	4. Financial years of different length
FRS 1.49	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 2005 cover the period from July 1, 2004 to December 31, 2005.* *The financial statements for 2004 covered the twelve months ended June 30, 2004."*
	5. Reclassifications and restatements
FRS 1.38	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.
	6. Additional disclosures
FRS 1.83 FRS 1.86	Additional line items, headings and subtotals should be presented on the face of the profit and loss statement 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.
	7. Extraordinary items
FRS 1.83	The company shall not present any items of income and expense as extraordinary items, either on the face of the profit and loss statement or in the notes to financial statements.

Source					
FRS 1.46(a)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**				**[Alt 1]**
FRS 1.8(c)(ii), 1.46(b) FRS 1.46(c)	**STATEMENTS OF RECOGNISED INCOME AND EXPENSE** Year ended December 31, 2005				
		Group		Company	
FRS 1.46(d), (e)		2005 $'000	2004 $'000	2005 $'000	2004 $'000
FRS 1.96(b)	Gain (loss) on revaluation of property	64,709	(4,369)	-	-
FRS 1.96(b)	(Deferred tax liability arising) reversal of deferred tax liability on revaluation of land and buildings	(3,692)	320	-	-
FRS 1.96(b)	Gains on cash flow hedges taken to equity	1,723	-	-	-
FRS 1.96(b)	Gain (loss) on revaluation of investment property	591	(59)		
FRS 1.96(b)	Gains on available-for-sale investments taken to equity	251	-	-	-
FRS 1.96(b)	Exchange differences on translation of foreign operations	(12,718)	2,706	-	-
FRS 1.96(b)	Net income (loss) recognised directly in equity	50,864	(1,402)	-	-
	Transfers:				
FRS 32.59(b)	Transfer to profit or loss from equity on cash flow hedges	(995)	-	-	-
FRS 32.59(c)	Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	(218)	-	-	-
FRS 32.94(h)	Transfer to profit or loss from equity on sale of available-for-sale investments	(611)	-	-	-
FRS 1.96(a)	Profit for the year	99,775	20,231	5,325	8,361
FRS 1.96(c)	Total recognised income and expense for the year	148,815	18,829	5,325	8,361
FRS 1.96(c)	Attributable to:				
	Equity holders of the parent	148,206	18,732	5,325	8,361
	Minority interests	609	97	-	-
		148,815	18,829	5,325	8,361
FRS 1.96(d)	Effects of changes in accounting policy:				
FRS 8.28, 8.29	Attributable to equity holders of the parent - increase in retained earnings at the beginning of the year	(4,443)	90	-	-
	Attributable to minority interests	-	-	-	-
		(4,443)	90	-	-

See accompanying notes to financial statements

Note: FRS 1 requires that the financial statements should include a statement showing either all changes in equity, or changes in equity other than those arising from capital transactions with owners and distributions to owners. The above illustrates an approach which presents those changes in equity that represent income and expense in a separate component of the financial statements. If this method of presentation is adopted, a reconciliation of the opening and closing balances of share capital, reserves and retained earnings is required to be provided in the explanatory notes (Notes 30 to 34). An alternative method of presenting changes in equity is illustrated on the next page.

The consequential amendments to FRS 1 following the adoption of the amendments to FRS 19, Employee Benefits, issued in June 2005 require that the title of this statement be changed to the Statement of Recognised Income and Expense. As indicated in Note 2, these amendments have been adopted in advance of their effective date for the purpose of these financial statements. The amendments to FRS 19 also introduce an additional recognition option for actuarial gains and losses arising in post-employment defined benefit plans, whereby such gains and losses may be recognised in the period in which they occur and be presented in the statement of recognised income and expense. This alternative recognition option has not been adopted by GAAP Singapore Ltd.

Source

FRS 1.46(a) — **GAAP SINGAPORE LTD AND ITS SUBSIDIARIES** **[Alt 2]**

FRS 1.8(c)(i), 1.46(b)
FRS 1.46(c) — **STATEMENTS OF CHANGES IN EQUITY**
Year ended December 31, 2005

Group

Source		Share capital	Treasury shares	Capital reserves	Revaluation reserves	Hedging and translation reserves	Retained earnings	Attributable to equity holders of the parent	Minority Interest	Total
FRS 1.46(d, e)		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
FRS 1.97(b, c)	Balance at January 1, 2004	120,000	-	32,098	33,208	(6,612)	149,869	328,563	2,479	331,042
FRS 1.96(d)	Effect of adoption of FRS 17	-	-	-	-	-	90	90	-	90
	As restated	120,000	-	32,098	33,208	(6,612)	149,959	328,653	2,479	331,132
FRS 1.96(b)	Loss on revaluation of investment property	-	-	-	(59)	-	-	(59)	-	(59)
FRS 1.96(b)	Loss on revaluation of property	-	-	-	(4,369)	-	-	(4,369)	-	(4,369)
FRS 1.96(b)	Reversal of deferred tax liability on revaluation of land and buildings	-	-	-	320	-	-	320	-	320
FRS 1.96(b)	Exchange differences arising on translation of foreign operations	-	-	-	-	2,706	-	2,706	-	2,706
FRS 1.96(b)	Net income recognised directly in equity	-	-	-	(4,108)	2,706	-	(1,402)	-	(1,402)
FRS 1.96(a)	Profit for the year	-	-	-	-	-	20,134	20,134	97	20,231
FRS 1.96(c)	Total recognised income and expense for the year	-	-	-	(4,108)	2,706	20,134	18,732	97	18,829
FRS 1.97(a)	Recognition of share-based payments	-	-	1,202	-	-	-	1,202	-	1,202
FRS 1.97(a)	Dividends	-	-	-	-	-	(8,040)	(8,040)	-	(8,040)
	Balance at January 1, 2005	120,000	-	33,300	29,100	(3,906)	162,053	340,547	2,576	343,123
FRS 1.96(d)	Effect of adoption of FRS 39	-	-	-	5,432	4,414	(6,908)	2,938	-	2,938
FRS 1.96(d)	Effect of adoption of FRS 102	-	-	-	-	-	2,465	2,465	-	2,465
	As restated	120,000	-	33,300	34,532	508	157,610	345,950	2,576	348,526
FRS 1.96(b)	Gain on revaluation of investment property	-	-	-	591	-	-	591	-	591
FRS 1.96(b)	Gain on revaluation of property	-	-	-	64,709	-	-	64,709	-	64,709
FRS 1.96(b)	Deferred tax liability arising on revaluation of land and buildings	-	-	-	(3,692)	-	-	(3,692)	-	(3,692)
FRS 1.96(b)	Gains on cash flow hedges	-	-	-	-	1,723	-	1,723	-	1,723
FRS 1.96(b)	Gains on available-for-sale investments	-	-	-	251	-	-	251	-	251
FRS 1.96(b)	Exchange differences arising on translation of foreign operations	-	-	-	-	(12,718)	-	(12,718)	-	(12,718)
FRS 1.96(b)	Net income recognised directly in equity	-	-	-	61,859	(10,995)	-	50,864	-	50,864
	Transfers:									
FRS 32.59(b)	Transfer to profit or loss on cash flow hedges	-	-	-	-	(995)	-	(995)	-	(995)
FRS 32.59(c)	Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	-	-	-	-	(218)	-	(218)	-	(218)
FRS 32.94(h)	Transfer to profit or loss on sale of available-for-sale investments	-	-	-	(611)	-	-	(611)	-	(611)
FRS 1.96(a)	Profit for the year	-	-	-	-	-	99,166	99,166	609	99,775
FRS 1.96(c)	Total recognised income and expense for the year	-	-	-	61,248	(12,208)	99,166	148,206	609	148,815
FRS 1.97(a)	Recognition of equity component of convertible loan notes	-	-	995	-	-	-	995	-	995
FRS 1.97(a)	Deferred tax liability on recognition of equity component of convertible loan notes	-	-	(174)	-	-	-	(174)	-	(174)
FRS 1.97(a)	Recognition of share-based payments	-	-	2,860	-	-	-	2,860	-	2,860
FRS 1.97(a)	Dividends	-	-	-	-	-	(5,040)	(5,040)	-	(5,040)
FRS 1.97(a)	Issue of share capital	1,650	-	4,350	-	-	-	6,000	-	6,000
FRS 1.97(a)	Repurchase of shares	-	(500)	-	-	-	-	(500)	-	(500)
	Balance at December 31, 2005	121,650	(500)	41,331	95,780	(11,700)	251,736	498,297	3,185	501,482

See accompanying notes to financial statements

Note: See previous page for alternative method of presenting changes in equity.
The above layout combines reserves of a similar nature for ease of presentation. However, FRS 1 requires a reconciliation of the opening and closing position on each reserve separately. Therefore, if such a combined presentation is adopted for the purposes of the statement of changes in equity, further details should be presented in the notes to the financial statements (Notes 34 to 38).

Source

FRS 1.46(a) **GAAP SINGAPORE LTD AND ITS SUBSIDIARIES** **[Alt 2]**

FRS 1.8(c)(i), 1.46(b) **STATEMENTS OF CHANGES IN EQUITY**
FRS 1.46(c) Year ended December 31, 2005

Company

Source		Share capital $'000	Treasury shares $'000	Capital reserves $'000	Retained earnings $'000	Total $'000
FRS 1.46(d, e)						
FRS 1.97(b, c)	Balance at January 1, 2004	120,000	-	32,098	1,819	153,917
FRS 1.96(a)	Profit for the year	-	-	-	8,361	8,361
FRS 1.97(a)	Recognition of share-based payments	-	-	1,202	-	1,202
FRS 1.97(a)	Dividends	-	-	-	(8,040)	(8,040)
	Balance at January 1, 2005	120,000	-	33,300	2,140	155,440
FRS 1.96(a)	Profit for the year	-	-	-	5,325	5,325
FRS 1.97(a)	Recognition of equity component of convertible loan notes	-	-	995	-	995
FRS 1.97(a)	Deferred tax liability on recognition of equity component of convertible loan notes	-	-	(174)	-	(174)
FRS 1.97(a)	Recognition of share-based payments	-	-	2,860	-	2,860
FRS 1.97(a)	Dividends	-	-	-	(5,040)	(5,040)
FRS 1.97(a)	Issue of share capital	1,650	-	4,350	-	6,000
FRS 1.97(a)	Repurchase of shares	-	(500)	-	-	(500)
	Balance at December 31, 2005	121,650	(500)	41,331	2,425	164,906

See accompanying notes to financial statements

Source				
FRS 1.46(a)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**			**[Alt 1]**
FRS 1.8(d), 1.46(b) FRS 1.46(c)	**CONSOLIDATED CASH FLOW STATEMENT** Year ended December 31, 2005			
			Group	
FRS 1.104 FRS 1.46(d, e)		Note	2005 $'000	2004 $'000
FRS 7.10 FRS 7.18(a)	**Operating activities**			
	Cash receipts from customers		1,227,651	854,919
	Cash paid to suppliers and employees		(1,042,076)	(816,963)
	Cash generated from operations		185,575	37,956
FRS 7.35	Income taxes paid		(5,553)	(2,129)
FRS 7.31	Interest paid		(42,209)	(32,995)
	Net cash from operating activities		137,813	2,832
FRS 7.10	**Investing activities**			
FRS 7.31	Interest received		1,202	368
FRS 7.31	Dividends received from associate		11,777	4,925
FRS 7.31	Dividends received from other equity investments		2,299	349
FRS 7.16(d)	Proceeds on disposal of investments held for trading		25,230	-
FRS 7.16(d)	Proceeds on disposal of available-for-sale investments		2,416	-
FRS 7.39	Disposal of subsidiary	49	6,517	-
FRS 7.16(b)	Proceeds on disposal of property, plant and equipment		4,983	4,500
FRS 7.16(a)	Purchases of property, plant and equipment		(58,675)	(30,398)
FRS 7.16(c)	Acquisition of investment in an associate		(31,800)	-
FRS 7.16(c)	Purchases of investments held for trading		(34,023)	(15,328)
FRS 7.16(a)	Purchases of patents and trademarks		(3,835)	(18,617)
FRS 7.16(a)	Expenditure on product development		(3,600)	-
FRS 7.39	Acquisition of subsidiary	50	(3,670)	-
	Net cash used in investing activities		(81,179)	(54,201)
FRS 7.10	**Financing activities**			
FRS 7.31	Dividends paid		(5,040)	(8,040)
FRS 7.17(d)	Repayments of borrowings		(76,777)	-
FRS 7.17(e)	Repayments of obligations under finance leases		(1,897)	(1,932)
FRS 7.17(c)	Proceeds on issue of convertible loan notes		25,000	-
FRS 7.17(a)	Proceeds on issue of shares		6,000	-
FRS 7.17(c)	New bank loans raised		-	72,265
	Purchase of treasury shares		(500)	-
	Net cash (used in) from financing activities		(53,214)	62,293
	Net increase in cash and bank balances		3,420	10,924
	Cash and cash equivalents at the beginning of the year		(734)	(12,320)
FRS 7.28	Effect of foreign exchange rate changes		6,516	662
FRS 7.45	Cash and cash equivalents at the end of the year		9,202	(734)

Cash and cash equivalents consist of:

	Group	
	2005 $'000	2004 $'000
Cash at bank	6,027	604
Fixed deposits	5,000	500
Cash on hand	82	71
Bank overdrafts	(1,907)	(1,909)
	9,202	(734)

See accompanying notes to financial statements

Note: The above illustrates the direct method of reporting cash flows from operating activities.

Source				
FRS 1.46(a)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**			**[Alt 2]**
FRS 1.8(d), 1.46(b) FRS 1.46(c)	**CONSOLIDATED CASH FLOW STATEMENT** Year ended December 31, 2005			
			Group	
FRS 1.104		Note	2005 $'000	2004 $'000
FRS 1.46(d, e) FRS 7.10	**Operating activities**			
FRS 7.18(b)	Profit before income tax		117,758	24,430
	Adjustments for:			
	Share of profit of associates		(12,763)	(983)
	Investment revenues		(3,501)	(717)
	Other gains and losses		563	(502)
	Finance costs	43	36,680	32,995
	Gain on disposal of discontinued operation	45	(8,493)	-
	Depreciation of property, plant and equipment		29,517	19,042
	Impairment loss on plant and equipment		4,130	-
	Amortisation of goodwill		-	247
	Amortisation of other intangible assets		2,614	846
	Impairment of goodwill		463	-
	Negative goodwill released to income		-	(2,210)
	Share-based payment expense		5,872	4,718
	Gain on disposal of property, plant and equipment		(4,184)	(500)
	Increase (decrease) in provisions		6,464	(2,320)
	Operating cash flows before movements in working capital		175,120	75,046
	Inventories		(18,101)	(28,065)
	Trade and other receivables		2,319	(31,993)
	Trade and other payables		26,237	22,968
	Cash generated from operations		185,575	37,956
FRS 7.35	Income taxes paid		(5,553)	(2,129)
FRS 7.31	Interest paid		(42,209)	(32,995)
	Net cash from operating activities		137,813	2,832
FRS 7.10	**Investing activities**			
FRS 7.31	Interest received		1,202	368
FRS 7.31	Dividends received from associates		11,777	4,925
FRS 7.31	Dividends received from other equity investments		2,299	349
FRS 7.16(d)	Proceeds on disposal of investments held for trading		25,230	-
FRS 7.16(d)	Proceeds on disposal of available-for-sale investments		2,416	-
FRS 7.39	Disposal of subsidiary	49	6,517	-
FRS 7.16(b)	Proceeds on disposal of property, plant and equipment		4,983	4,500
FRS 7.16(a)	Purchases of property, plant and equipment		(58,675)	(30,398)
FRS 7.16(c)	Acquisition of investment in an associate		(31,800)	-
FRS 7.16(c)	Purchases of investments held for trading		(34,023)	(15,328)
FRS 7.16(a)	Purchases of patents and trademarks		(3,835)	(18,617)
FRS 7.16(a)	Expenditure on product development		(3,600)	-
FRS 7.39	Acquisition of subsidiary	50	(3,670)	-
	Net cash used in investing activities		(81,179)	(54,201)

See accompanying notes to financial statements

Source				
FRS 1.46(a)	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES**			**[Alt 2]**
FRS 1.102 FRS 1.8(b), 1.46(b) FRS 1.46(c)	**CONSOLIDATED CASH FLOW STATEMENT (Continued)** Year ended December 31, 2005			
			Group	
		Note	2005 $'000	2004 $'000
FRS 7.10	**Financing activities**			
FRS 7.31	Dividends paid		(5,040)	(8,040)
FRS 7.17(d)	Repayments of borrowings		(76,777)	-
FRS 7.17(e)	Repayments of obligations under finance leases		(1,897)	(1,932)
FRS 7.17(c)	Proceeds on issue of convertible loan notes		25,000	-
FRS 7.17(a)	Proceeds on issue of shares		6,000	-
FRS 7.17(c)	New bank loans raised		-	72,265
	Purchase of treasury shares		(500)	-
	Net cash (used in) from financing activities		(53,214)	62,293
	Net increase in cash and bank balances		3,420	10,924
	Cash and cash equivalents at the beginning of the year		(734)	(12,320)
FRS 7.28	Effect of foreign exchange rate changes		6,516	662
FRS 7.45	Cash and cash equivalents at the end of the year		9,202	(734)

Cash and cash equivalents consist of:

	Group	
	2005 $'000	2004 $'000
Cash at bank	6,027	604
Fixed deposits	5,000	500
Cash on hand	82	71
Bank overdrafts	(1,907)	(1,909)
	9,202	(734)

See accompanying notes to financial statements

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

Source	
FRS 1.8(e) FRS 1.46(a),(b),(c) FRS 1.103(a) FRS 1.104	**GAAP SINGAPORE LTD AND ITS SUBSIDIARIES** **NOTES TO FINANCIAL STATEMENTS** **December 31, 2005**
	1. GENERAL
FRS 1.126(a)	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 mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.
FRS 1.126(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 balance sheet and statement of changes in equity of the company for the year ended December 31, 2005 were authorised for issue by the Board of Directors on January 31, 2006.
FRS 1.108(a), (b)	**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
	BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost convention, 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").
FRS 8.28	In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as disclosed below and in the notes to financial statements.
FRS 8.28(a) FRS 8.28(c) FRS 8.28(b), (d)	***(a) FRS 39 - Financial Instruments: Recognition and Measurement*** FRS 39 requires the recognition, measurement and disclosure of financial assets and liabilities. The new accounting standard moves measurement from a cost base to a fair value base for certain categories of financial assets and liabilities. The change in accounting policy has been accounted for prospectively in accordance with the transitional provisions of FRS 39. The adoption of FRS 39 has resulted in certain investments being carried at their respective fair values with the corresponding adjustments being taken to the revaluation reserves or the profit and loss statement.
	Consequently, fair value adjustments of available-for-sale securities amounting to $5.4 million were transferred from the opening retained earnings to the investment revaluation reserve in equity.
	Derivative financial instruments with fair values of $4.8 million (assets) and $1.9 million (liabilities) as at January 1, 2005, were recognised on the balance sheet and the resulting adjustments transferred to the hedging reserve.
	Derivative financial instruments were carried at fair value at the balance sheet date. At December 31, 2005, the derivative financial instruments were fair valued at $2.4 million (assets) and $0.3 million (liabilities). The fair value changes were recognised of hedges that were determined to be effective in the hedging reserve in equity.
	As the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2004 or prior periods.
FRS 8.28(a) FRS 8.28(c)	***(b) FRS 102 - Share-based Payment*** FRS 102 *Share-based Payment* requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of FRS 102, the group did not recognise the financial effect of share-based payments until such payments were settled.
FRS 8.28(b), (d)	In accordance with the transitional provisions of FRS 102, the accounting standard has been applied retrospectively to all grants of equity instruments after November 22, 2002 that were unvested as of January 1, 2005, and to liabilities for share-based transactions existing at January 1, 2005. The accounting standard therefore applies to share options granted in 2004 and 2005.
FRS 8.28(f)(i)	For 2004, the change in accounting policy has resulted in a net decrease in profit for the year of $4.227 million (share-based payments expense of $4.718 million net of deferred tax impact of $0.491 million). The balance sheet at December 31, 2004 has been restated to reflect the recognition of the liability for share-based payments of $3.516 million and a share options reserve of $1.202 million, and an additional deferred tax asset of $0.491 million.
FRS 8.28(f)(i)	For 2005, the impact of share-based payments is a net charge to income of $4.018 million (share-based payment expense of $5.872 million net of deferred tax impact of $1.854 million). At December 31, 2005, the share options reserve amounted to $4.062 million, the liability recognised for share-based payments amounted to $6.528 million, and the related deferred tax asset amounted to $2.345 million.

Source	
FRS 8.28(f)(i)	The share-based payments expense has been included in the following lines of the profit and loss statement: [employee benefits expense $5.872 million (2004: $4.718 million)/cost of sales $4.942 million (2004: $4.127 million) and administration costs $0.93 million (2004: $0.591 million)].
FRS 8.28(a)	***(c) FRS 103 - Business Combinations*** **Goodwill**
FRS 8.28(b), (d) FRS 8.28(c)	FRS 103 has been adopted for financial years beginning July 1, 2004. The option of limited retrospective application of the accounting standard has not been taken up, thus avoiding the need to restate past business combinations. The group had no acquisitions during the preceding financial year. Therefore, the first transaction to which the new Accounting standard has been applied is the acquisition of Huiji Electronic Systems (China) Limited on August 1, 2005 (Note 50). The principal impact of the new accounting standard on the accounting for that transaction has been the recognition of contingent liabilities (fair value of $0.021 million) that would not have been recognised separately from goodwill under the predecessor standard, FRS 22. The recognition of these liabilities has had no material impact on the results for the year.
FRS 8.28(c)	After initial recognition, FRS 103 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under FRS 36 *Impairment of Assets* (as revised in 2004), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. FRS 103 prohibits the amortisation of goodwill. Previously, under FRS 22, the group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years.
FRS 8.28(b), (d)	In accordance with the transitional provisions of FRS 103, the group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after July 1, 2004, to goodwill acquired in business combinations. Therefore, from January 1, 2005, the group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with FRS 36. At January 1, 2005, the accumulated amortisation as at December 31, 2004 of $6.086 million has been eliminated, with a corresponding decrease in the gross carrying amount of goodwill leaving the net carrying amount of goodwill unchanged.
FRS 8.28(f)(i), (g)	Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2004 or prior periods. No amortisation has been charged in 2005. The charge in 2004 was $0.247 million.
FRS 8.28(f)(i)	An impairment loss of $0.463 million has been recognised in the current year in accordance with FRS 36. Had the group's previous accounting policy been applied in the current year, this amount would have been split between an amortisation charge of $0.23 million and an impairment loss of $0.233 million, because the calculation of the recoverable amount of goodwill has not been affected by the 2004 amendments to FRS 36. Therefore, the change in accounting policy has had no impact on the profit/loss for the year – although it has resulted in a re-analysis between amortisation charges and impairment losses recognised.
	Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)
FRS 8.28(c)	FRS 103 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in the profit and loss statement. FRS 103 prohibits the recognition of negative goodwill in the balance sheet. Previously, under FRS 22 (superseded by FRS 103), the group released negative goodwill to income over a number of accounting periods, based on an analysis of the circumstances from which the balance resulted. Negative goodwill was reported as a deduction from assets in the balance sheet.
FRS 8.28(b), (d) FRS 8.28(g)	In accordance with the transitional provisions of FRS 103, the group has applied the revised accounting policy prospectively from January 1, 2005. Therefore, the change has had no impact on amounts reported for 2004 or prior periods.
FRS 8.28(f)(i)	The carrying amount of negative goodwill at January 1, 2005 has been derecognised at the transition date. Therefore, an adjustment of $2.465 million is made to opening retained earnings and negative goodwill at January 1, 2005. Under the previous accounting policy, $1.682 million of negative goodwill would have been released to profit and loss statement during 2005, leaving a balance of negative goodwill of $0.783 million at December 31, 2005. Therefore, the impact of the change in accounting policy in 2005 is a reduction in other operating income of $1.682 million and an increase in net assets at December 31, 2005 of $0.783 million.
FRS 8.28(a)	***(d) FRS 17 - Leases*** **Initial direct costs incurred in relation to operating lease receivables**
FRS 8.28(c)	FRS 17 requires initial direct costs incurred by a lessor in negotiating and arranging an operating lease to be 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. Prior to the adoption of the revised standard, the group recognised such costs as an expense in the profit and loss statement in the period in which they were incurred. This change in accounting policy has been applied retrospectively.

Source

In general, the group does not incur significant initial direct costs on negotiating and arranging leases. However, in January 2003, as reported in the 2003 financial statements, exceptional legal costs of $0.1 million were incurred in relation to lease negotiations for a substantial proportion of the group's investment property portfolio. In accordance with the previous accounting policy, these costs were expensed in full in 2003.

FRS 8.28(f)(i)

Under the revised accounting policy, the legal fees should have been deferred over the lease term of the properties, which is ten years, resulting in an annual charge of $0.01 million. The adjustment required at January 1, 2004, therefore, is an increase in retained earnings of $0.09 million and an equivalent adjustment to the carrying amount of investment properties. The change in accounting policy has reduced profit for the year in both 2004 and 2005 by $0.01 million, the expense being charged to other operating expenses.

FRS 8.30

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

FRS 8.31(a)

FRS 40 - Investment Property
FRS 106 - Exploration for and Evaluation of Mineral Resources
INT FRS 104 - Determining whether an Arrangement contains a Lease
INT FRS 105 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Amendments to hedge accounting provisions of FRS 39 Financial Instruments: Recognition and Measurement

FRS 8.31(b)
FRS 8.31(c)
FRS 8.31(d)

FRS 40 – Investment Property

FRS 40 will be effective for annual periods beginning January 1, 2007. The group presently uses the revaluation model. Under the revaluation model, increases in carrying amounts above a cost-based measure are recognised as a revaluation surplus in a revaluation reserve. The initial adoption of FRS 40, from the financial year starting January 1, 2007, will result in a change in the group's accounting policies for investment properties, whereby under the fair value model, all changes in fair value are recognised in the profit and loss statement.

FRS 8.31(e)

Had the group early adopted FRS 40 in the current financial year, the following would have been reported in the financial statements.

FRS 8.30(b)

	Group			
	2005 $'000	2005 $'000 (Early adoption of FRS 40)	2004 $'000	2004 $'000 (Early adoption of FRS 40)
Investment property	12,000	12,000	11,409	11,409
Revaluation reserve	90,176	78,598	29,159	27,112
Retained earnings	252,268	252,859	155,086	157,133
Profit before income tax	118,349	118,940	23,825	25,872

FRS 8.31(e)(ii)

As it is not possible to reasonably estimate the fair values of the investment properties for future periods, the directors are therefore unable to determine if the initial adoption of the Standard will have a material impact on the consolidated financial statements for the financial year ending December 31, 2007.

FRS 8.30
FRS 8.31(e)(ii)

FRS 106, INT FRS 104, INT FRS 105 and Amendments to FRS 39

The directors anticipate that the adoption of FRS 106, INT FRS 104, INT FRS 105 and the amendments to FRS 39 that were issued but not yet effective until future periods will not have a material impact on the financial statements of the group. The directors anticipate that the adoption of these FRSs and INT FRSs in future periods will have no material impact on the consolidated financial statements of the group.

FRS 27.4

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 27.30

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

FRS 27.28

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

FRS 27.24

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Source	
FRS 27.22(c) FRS 27.35	Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.
FRS 27.42(c)	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 the profit and loss statement.
FRS 103.14 FRS 103.24(a), (b) FRS 103.36	BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current 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*, which are recognised and measured at fair value less costs to sell.
FRS 103.51(a), (b) FRS 103.56	Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.
FRS 103.40	The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.
FRS 32.60 (b)	FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument. Trade receivables Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Investments Investments are recognised and derecognised 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 directly attributable transaction costs. At subsequent reporting dates, debt securities that the group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised. Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.
FRS 7.46	Cash and cash equivalents Cash and bank balances 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.
FRS 32.11	Financial liabilities and 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. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Source	
	Bank borrowings 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 above).
	Convertible loan notes Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loan note into equity of the group, is included in equity (capital reserves).
	Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.
	The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.
	Trade payables Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.
	Equity instruments Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.
	Derivative financial instruments and hedge accounting The group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.
FRS 32.71	The group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The significant interest rate risk arises from bank loans. The group's policy is to convert a proportion of its floating rate debt to fixed rates. The group designates these as cash flow hedges of interest rate risk.
	The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.
	Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.
FRS 32.58	Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit or loss. The group's policy with respect to hedging the foreign currency risk of a firm commitment is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedged item affects profit or loss.
	Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.
	Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.
	Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.
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 balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear 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 they have been agreed with the customer.
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.

Source	
FRS 11.32 (a), (b)	When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
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 recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.
FRS 17.50 FRS 17.52	Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
FRS 17.20	The group as lessee 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 balance sheet 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).
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. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.
FRS 105.6	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 through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.
FRS 105.15	Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.
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.
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 balance sheet 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 balance sheet date.
FRS 16.39 FRS 16.40	Any revaluation increase arising on the revaluation of such land and buildings is credited to the property 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 to the profit and loss statement. 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.
FRS 16.41	Depreciation on revalued buildings is charged to profit or loss. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.
FRS 16.16 – 22 FRS 16.43 FRS 16.48 FRS 16.50	Properties in the course of construction for production, rental 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%

Source	
FRS 17.27	Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.
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 the profit and loss statement.
FRS 25.28(b) FRS 25.32	INVESTMENT PROPERTY – Investment property held to earn rentals and for capital appreciation is stated at periodic valuation on an open market value for existing use basis. Professional valuations are obtained at least once in three years. Any revaluation surplus arising from the revaluation of investment properties is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation deficit for the same asset previously recognised as an expense, in which case the surplus is credited to the profit and loss statement to the extent of the deficit previously charged. A deficit in carrying amount arising on the revaluation of investment properties is charged as an expense to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. The asset revaluation reserve is released to the profit and loss statement as and when the related revalued property is sold.
FRS 103.54	GOODWILL - Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.
FRS 36.80 FRS 36.90, 104 FRS 36.124	For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.
FRS 103.67(g)	On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.
	The group's policy for goodwill arising on the acquisition of an associate is described under 'Associates' above.
	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.
FRS 38.51 (a), (b)	An internally-generated intangible asset is recognised only if all of the following conditions are met: • an asset is created that can be identified (such as software and new processes); • it is probable that the asset created will generate future economic benefit; and • the development cost of the asset can be measured reliably.
FRS 38.118(b)	Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the profit and loss statement in the period in which it is incurred.
FRS 38.118(b)	PATENTS AND TRADEMARKS **-** Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.
FRS 36.9	IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
FRS 36.6 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.
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 the profit and loss statement, 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 the profit and loss statement, 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.

Source	
FRS 28.2	ASSOCIATES - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
FRS 28.13(a) FRS 28.11	The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised.
FRS 28.23(a), (b)	Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.
FRS 28.22	Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.
FRS 31.3	INTERESTS IN JOINT VENTURES - A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.
FRS 31.15, 21 FRS 31.24 FRS 31.30	Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.
FRS 31.57	Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations.* The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary (see below).
FRS 31.48	Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.
FRS 37.14	PROVISIONS - Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.
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 (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.
FRS 102.B1	Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date. The group also provides employees with the ability to purchase the group's ordinary shares at a discount to the current market value. The group records an expense, based on its estimate of the discount related to shares expected to vest, on a straight-line basis over the vesting period.
FRS 20.39(a) FRS 20.24 FRS 20.12	GOVERNMENT GRANTS - Government grants relating to the purchase of property, plant and equipment are included in the balance sheet as deferred income and are credited to the profit and loss statement on a straight-line basis over the expected lives of the related assets. Government grants relating to expenditures which are not capitalised are credited to the profit and loss statement as and when the underlying expenses are included and taken to the profit and loss statement to match such related expenditure.

Source	
FRS 18.35(a)	REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.
FRS 18.14(a)	Sales of goods are recognised when goods are delivered and title has passed.
	Revenue from construction contracts is recognised in accordance with the group's accounting policy on construction contracts (see below).
FRS 18.30(a)	Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
FRS 18.30(c)	Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.
FRS 23.29(a) FRS 23.11 FRS 23.15 FRS 23.25	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 23.10	All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.
	Guidance note: The method used to determine the interest expense for capitalization shall be indicated and disclosed accordingly.
FRS 19.44	RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.
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 each balance sheet date. Actuarial gains and losses that exceed 10% of the greater of the present value of the group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.
	The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.
	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 balance sheet date.
	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 profit and loss statement 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 that have been enacted or substantively enacted in countries where the subsidiaries operate by the balance sheet date.
FRS 12.15 FRS 12.24	Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
FRS 12.39	Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
FRS 12.56	The carrying amount of deferred tax assets is reviewed at each balance sheet date 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. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Source	
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.
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 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 balance sheet 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 rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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 directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.
FRS 21	In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options (please see above for details of the group's accounting policies in respect of such derivative financial instruments).
FRS 21.39 FRS 21.48	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 on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.
FRS 21.32	On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.
FRS 21.47	Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Note: 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.

FRS 1.113

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Revenue recognition

Note 46 to the financial statements describes 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 2005, 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 2007. 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, the directors are 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.

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 2004, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 2005 – following the finalisation of revised plans, and resumption of the activities necessary to prepare the asset for its intended use. Although construction of the premises was not restarted until May

Source	
	2005, borrowing costs have been capitalised from February 2005, at which time the technical and administrative work associated with the project recommenced.
FRS 1.116 FRS 1.120	***Key sources of estimation uncertainty***
	The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.
	Recoverability of internally-generated intangible asset During the year, management reconsidered the recoverability of its internally-generated intangible asset, which is included in its balance sheet at December 31, 2005 at $3.24 million. 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 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 balance sheet date was $2.423 million after an impairment loss of $0.463 million was recognised during 2005. Details of the impairment loss calculation are provided in Note 18 to the financial statements.
FRS 32.56	**4. FINANCIAL RISKS AND MANAGEMENT**
	The group has documented risk management policies. These policies set out the group's overall business strategies and its risk management philosophy. The group's overall risk management programme seeks to minimise potential adverse effects of financial performance of the group. The Board of Directors provides written principles for overall risk management and written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit 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.
	The group's activities expose it to a variety of financial risks, including the effects of: changes in debt and equity market prices, foreign currency exchange rates and interest rates. The group uses derivative financial instruments such as foreign exchange forward contracts to hedge certain exposures. The group does not hold or issue derivative financial instruments for speculative purposes.
	Foreign exchange risk 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. 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. Currency exposure to the net assets of the group's subsidiaries is managed primarily through borrowings denominated in the related foreign currencies. The group also enters into forward exchange contracts to hedge the foreign currency exposure of its subsidiaries. These agreements are in place for each subsidiary and have contract terms of less than one year.
FRS 32.67	Interest rate risk The groups' 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.
FRS 32.76	Credit risk The group's principal financial assets are bank balances and cash, trade and other receivables, finance lease receivables and investments.
	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.
	The group's credit risk is primarily attributable to its trade and finance lease receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.
	Cash and fixed deposits are held with creditworthy financial institutions.
	The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Source

Liquidity risk
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.

FRS 32.52

Note: In practice, an extensive description of the group's financial risk management objectives and policies, dealing with the group's particular circumstances, would be given. This would include detailed information with respect to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate.

FRS 32.86

Fair value of financial assets and financial liabilities
The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

5. HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

FRS 24.12
FRS 1.126(c)
FRS 24.17
FRS 24.18

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.

Many 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 without fixed repayment terms unless otherwise stated.

Transactions between the company and its subsidiaries, which are related companies of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related companies are disclosed below.

Trading transactions
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	
	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GAAP Holdings Ltd	693	582	439	427	209	197	231	139
Subsidiaries of GAAP Holdings Ltd	1,289	981	897	883	398	293	149	78

FRS 24.21

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.

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 24.17,18

In addition to the above, GAAP Holdings Ltd performed certain administrative services for the company, for which a management fee of $0.18 million (2004 : $0.16 million) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative department.

The convertible loan notes (Note 31) issued during the year are secured by a personal guarantee of one of the directors. No charge has been made for this guarantee.

6. OTHER RELATED PARTY TRANSACTIONS

FRS 24.17
FRS 24.18

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Associates also include those that are associates of the holding and/or related companies.

Many 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 without fixed repayment terms unless otherwise stated.

Source	

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	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Associates	398	291	-	-	29	142	-	-

FRS 24.21 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.

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 parties.

FRS 24.16 ***Compensation of directors and key management personnel***

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

		Group	
		2005 $'000	2004 $'000
LM 1207(12), (13)	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.

FRS 32.60(a)
FRS 32.86
FRS 32.92

7. CASH AND BANK BALANCES

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash at bank	6,027	604	2,022	603
Fixed deposits	5,000	500	-	-
Cash on hand	82	71	52	44
Total	11,109	1,175	2,074	647

FRS 32.60 Bank balances and cash comprise cash held by the group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

FRS 32.67
FRS 32.74(d) Fixed deposits bear interest at an average rate of 1.5% (2004 : 1.25%) per annum and for a tenor of approximately 30 days (2004 : 31 days).

FRS 32.63(h) The group and company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Singapore dollars	5,427	571	-	-
United States dollars	1,743	308	250	248
Euro	962	192	65	85

Source

FRS 32.60(a)

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Amounts receivable from the sale of goods	78,811	105,721	-	-
Amounts due from construction contract customers (Note 9)	24,930	17,302	-	-
Deferred consideration for the disposal of GAAP Playsystems Limited (Note 49)	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

An allowance has been made for estimated irrecoverable amounts from the sale of goods to third parties of $3.24 million (2004: $4.39 million). This allowance has been determined by reference to past default experience.

FRS 32.67

No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 2% per month on the outstanding balance.

FRS 32.63(h)

The group and company's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
United States dollars	47,623	45,269	57,394	29,226
Singapore dollars	7,230	6,095	-	-
Euro	2,962	2,292	5,560	5,485

9. CONSTRUCTION CONTRACTS

Source		Group	
		2005	2004
		$'000	$'000
	Contracts in progress at balance sheet date:		
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

Source	
FRS 11.40(b), (c)	At December 31, 2005, retention monies held by customers for contract work amounted to $2.3 million (2004: $1.8 million). Advances received from customers for contract work amounted to $0.85 million (2004: Nil).
FRS 1.52	At December 31, 2005, amounts of $4.3 million (2004: $2.1 million) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.

FRS 1.57

Guidance note: Current and Non-current Assets
An asset shall be classified as current when it satisfies any of the following criteria:
(a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
(b) it is held primarily for the purpose of being traded;
(c) it is expected to be realised within twelve months after the balance sheet date; or
(d) it is cash or a cash equivalent (as defined in FRS 7 Cash Flow Statements) unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets shall be classified as non-current.

10. FINANCE LEASE RECEIVABLES

Source		Minimum lease payments		Present value of minimum lease payments	
		Group		Company	
		2005	2004	2005	2004
FRS 17.47(a)		$'000	$'000	$'000	$'000
	Amounts receivable under finance leases:				
	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
		193,401	175,861	169,650	154,163
FRS 17.47(b)	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

FRS 1.52 Analysed as:

	Group	
	2005	2004
	$'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

FRS 17.47(f) FRS 32.63(h) FRS 32.60(a)	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 balance sheet date are estimated at $0.37 million (2004 : $0.25 million).
FRS 32.67 FRS 32.74(d)	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% (2004 : 12%) per annum.
FRS 32.86 FRS 32.92	The fair value of the group's finance lease receivables at December 31, 2005 is estimated at $182 million (2004: $163 million), based on discounting the estimated cash flows at the market rate.

Source	

11. HELD FOR TRADING INVESTMENTS

		Group	
		2005	2004
		$'000	$'000
FRS 32.86	Quoted equity shares, at fair value	11,988	11,125

FRS 32.60(a)
FRS 32.92(b)

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.

FRS 32.63(h)

The group's held for trading investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	2004
	$'000	$'000
United States dollars	7,835	6,993
Japanese yen	2,335	2,739

12. HELD-TO-MATURITY FINANCIAL ASSETS

	Group	
	2005	2004
	$'000	$'000
Quoted debt securities, at amortised cost	25,255	18,605

FRS 32.67

The average effective interest rate of the quoted debt securities is 1.125% (2004 : 1.000%) per annum.

FRS 32.67
FRS 32.63(a), (f)
FRS 32.63(b)

The quoted debt securities have nominal values amounting to $25 million (2004 : $18 million), coupon rates ranging from 0.750% to 1.250% (2004 : 0.825% to 1.175%) per annum and mature within 12 months.

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

FRS 32.63(h)

The group's held-to-maturity financial assets that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	2004
	$'000	$'000
United States dollars	15,023	8,208

FRS 32.58
FRS 32.60(a)
FRS 32.67
FRS 32.86
FRS 32.92

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2005		2004	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Forward foreign exchange contracts	1,124	(273)	-	-
Interest rate swaps	3,914	-	-	-
	5,038	(273)	-	-
Analysed as:				
Current	2,436	(273)	-	-
Non-current	2,602	-	-	-
	5,038	(273)	-	-

Source	
FRS 32.58	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 balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the group is committed are as follows:

		Group	
		2005	2004
		$'000	$'000
FRS 32.63(a)	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 as a hedge against exchange losses on future purchases of goods.

These arrangements are designed to address significant exchange exposures for the first half of 2006, and are renewed on a revolving basis as required.

FRS 32.58
FRS 32.86
FRS 32.92

At December 31, 2005, the fair value of the group's currency derivatives is estimated to be approximately $0.851 million (2004 : $0.461 million). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date, comprising $1.124 million assets (2004 : $2.34 million) and $0.273 million liabilities (2004 : $1.879 million). The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to $1.01 million has been deferred in equity. As the group had not adopted FRS 39 for the preceding year, the derivatives and the respective hedges amounting to $0.63 million were not recognised on the balance sheet as at December 31, 2004. Adjustments were prospectively made to the opening balances in accordance with the transitional provisions of FRS 39.

FRS 32.59

Amounts of $0.615 million (2004 : Nil) and $0.218 million (2004 : Nil) respectively have been transferred to the profit and loss statement and inventories in respect of contracts matured during the year.

Changes in the fair value of non-hedging currency derivatives amounting to $0.1 million have been charged to the profit and loss statement in the year (2004 : Nil).

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.

Interest rate swaps

FRS 32.63(f)

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 2008 and have floating interest receipts at 2% plus Singapore Interbank Offered Rate.

FRS 32.63
FRS 32.86
FRS 32.92

The fair value of swaps entered into at December 31, 2005 is estimated at $3.914 million (2004: $3.784 million). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been deferred in equity. An amount of $0.38 million (2004: Nil) has been offset against hedged interest payments made in the year.

FRS 2.36(b)

14. INVENTORIES

		Group	
		2005	2004
		$'000	$'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	202	-
	(Note 15)	117,895	108,698

FRS 2.36(h)

Inventories with a carrying amounts of $26 million (2004: $19.3 million) have been pledged as security for certain of the group's bank overdrafts.

FRS 2.36(f), (g)

Guidance Note: 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.

Source

FRS 105.41

15. ASSETS AND LIABILITIES HELD FOR SALE

On December 20, 2005, the directors 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 balance sheet. 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:

	2005 $'000
Goodwill	22
Property, plant and equipment	1,698
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

16. PROPERTY, PLANT AND EQUIPMENT

Source		Group			
		Leasehold land and buildings $'000	Properties under construction $'000	Plant and equipment $'000	Total $'000
FRS 16.73(d), (e)	**Cost or valuation:**				
FRS 16.74(b)	At January 1, 2005	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, 2005	485,788	94,960	125,893	706,641
FRS 16.73(a)	Comprising:				
	At cost	-	94,960	125,893	220,853
	At valuation	485,788	-	-	485,788
		485,788	94,960	125,893	706,641
	Accumulated depreciation:				
	At January 1, 2005	-	-	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)
	On assets reclassified as held for sale	-	-	(1,702)	(1,702)
	Eliminated on revaluation	(13,223)	-	-	(13,223)
	At December 31, 2005	-	-	44,606	44,606
	Depreciation for last year	10,694	-	8,348	19,042
	Impairment:				
FRS 36.126(a)	Impairment loss recognised in the year ended December 31, 2005 and balance at December 31, 2005	-	-	4,130	4,130
	Carrying amount:				
	At end of year	485,788	94,960	77,157	657,905
	At beginning of year	432,199	77,700	56,943	566,842

Source	
FRS 36.130(a)–(g)	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. The review led to the recognition of an impairment loss of $4.13 million, that has been recognised in the profit and loss statement. 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 2003 was 8%.
FRS 17.31(a)	The carrying amount of the group's plant and equipment includes an amount of $2.55 million (2004: $1.40 million) in respect of assets held under finance leases.
FRS 16.74(a)	The group has pledged land and buildings having a carrying amount of approximately $370 million (2004: $320 million) to secure banking facilities granted to the group.
FRS 16.77(a) - (d)	Land and buildings were revalued at December 31, 2005 by Messrs. Low, Poh & Koh, independent valuers not connected with the group, by reference to market evidence of recent transactions for similar properties. The valuation conforms to International Valuation Standards.
FRS 16.77(e)	At December 31, 2005, had the land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amounts would have been approximately $390 million (2004: $410 million).
FRS 16.81	**Guidance note: Revaluation of property, plant and equipment** 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(10)(a)	**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. 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 represent 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.

17. INVESTMENT PROPERTIES

	Group	
	2005 $'000	2004 $'000
Investment properties	12,000	11,409

FRS 25.49(f)	In accordance with the accounting policy of the group, the investment properties are stated at valuation based on the professional valuation carried out by two independent valuers, CSC Property Consultants Pte Ltd and AP International Pte Ltd, for the different investment properties in December 2005 (2004 : CSC Property Consultants Pte Ltd and LH (Singapore) Pte Ltd in December 2002) on the basis of open market value for existing use. Additions subsequent to December 31, 2005 are carried at cost until the next valuation.

As at December 31, 2005, the investment properties amounting to $12 million (2004 : $11.4 million) were pledged to banks to secure general banking facilities granted to the group.

The property rental income earned by the group from its investment properties, all of which are leased out under operating leases, amounted to $0.602 million (2004 : $0.563 million). Direct operating expenses arising on the investment properties in the year amounted to $0.16 million (2004 : $0.23 million).

Source	
LM 1207(10)(b)	**Guidance note: 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. 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 represent 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.

18. GOODWILL

FRS 103.74
FRS 103.75(a)-(h)

	Group $'000
Cost:	
At January 1, 2005	8,624
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(6,086)
Arising on acquisition of a subsidiary	2,043
Eliminated on disposal of a subsidiary	(1,673)
Reclassified as held for sale	(22)
At December 31, 2005	2,886
Amortisation:	
At January 1, 2005	6,086
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(6,086)
At December 31, 2005	-
Impairment:	
Impairment loss recognised in the year ended December 31, 2005 and balance at December 31, 2005	463
Amortisation for last year	247
Carrying amount:	
At end of year	2,423
At beginning of year	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	
	2005 $'000	2004 $'000
Electronic goods:		
GAAP Equipment Leasing Pte Ltd (single CGU)	2,043	-
GAAP Electronics Sdn Bhd (single CGU)	-	22
Construction (comprised several CGUs): residential property construction activities	843	843
Toy operations		
GAAP Playsystems Limited (single CGU)	-	1,673
	2,886	2,538

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

Source	
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 36.130(a), (b) FRS 36.130(d)	At December 31, 2005, before impairment testing, goodwill of $0.843 million was allocated to the residential property construction CGU within the construction business segment. 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 $0.463 million.

FRS 38.118(c), (e)

19. OTHER INTANGIBLE ASSETS

	Group		
	Development costs	Patents and trademarks	Total
	$'000	$'000	$'000
Cost:			
At January 1, 2005	-	31,617	31,617
Additions	3,600	3,835	7,435
Acquired on acquisition of a subsidiary	-	870	870
At December 31, 2005	3,600	36,322	39,922
Amortisation:			
At January 1, 2005	-	10,323	10,323
Amortisation for the year	360	2,254	2,614
At December 31, 2005	360	12,577	12,937
Amortisation for last year	-	846	846
Carrying amount:			
At end of year	3,240	23,745	26,985
At beginning of year	-	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 38.122(b)	The group's patents protect the design and specification of its electronic goods produced in Singapore, the United States and Europe. The carrying amounts of patents at December 31, 2005 is $20.2 million (2004: $18.4 million). The average remaining amortisation period for these patents is 7 years.

20. SUBSIDIARIES

	Company	
	2005	2004
	$'000	$'000
Unquoted equity shares, at cost	111,650	110,000

Source

FRS 27.42(b)

Details of the company's significant subsidiaries at December 31, 2005 are as follows:

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest 2005 %	Proportion of ownership interest 2004 %	Proportion of voting power held 2005 %	Proportion of voting power held 2004 %	Principal activity
GAAP Construction Pte Ltd *	Singapore	100	100	100	100	Property investment and construction
GAAP Equipment Leasing Pte Ltd *	Singapore	70	70	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
GAAP Pacific Inc**	U.S.A.	90	90	100	100	Sales and distribution
Huiji Electronic Systems (China) Limited # **	People's Republic of China	100	-	100	-	Manufacture of electronic equipment
GAAP Playsystems Limited ## **	Hong Kong	-	100	-	100	Manufacture of electronic components and toys

*Audited by Deloitte & Touche, Singapore.
**Audited by overseas practices of Deloitte Touche Tohmatsu.
LM 717(1) #During the financial year, Huiji Electronic Systems (China) Limited was acquired pursuant to a conditional cash offer (Note 50).
LM 717(2) ##GAAP Playsystems Limited was disposed during the financial year (Note 49).

FRS 27.40(c) Although the company does not own more than 50% of the equity shares of GAAP Equipment Leasing Pte Ltd, and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the board of directors and control of the entity is by the board. Consequently, GAAP Equipment Leasing Pte Ltd is controlled by the company and is consolidated in these financial statements.

LM 717

Guidance note: Other auditors
Where Singapore-incorporated subsidiaries and significant foreign incorporated subsidiaries are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. A subsidiary is considered to be 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.

21. ASSOCIATES

	Group 2005 $'000	Group 2004 $'000
FRS 2.42(b) 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

Details of the group's significant associates at December 31, 2005 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest 2005 %	Proportion of ownership interest 2004 %	Proportion of voting power held 2005 %	Proportion of voting power held 2004 %	Principal activity
PAAG Pte Ltd*	Singapore	30	30	17	17	Manufacture of electronic equipment
Apag Limited**	Elbonia	45	45	40	40	Construction

LM 717 (1) * Audited by Deloitte & Touche, Singapore.
LM 717 (2) ** Audited by overseas practices of Deloitte Touche Tohmatsu.

FRS 28.37(c) Although the group holds less than 20% of the voting power in PAAG Pte Ltd, the group exercises significant influence by virtue of its contractual right to appoint two directors to the board of that company.

Source	
FRS 28.37(e)	The financial statements of Apag Limited are made up to October 31, each year. This was the financial reporting date established when the company was incorporated, and a change of reporting date is not permitted in Elbonia. For the purpose of applying the equity method of accounting, the financial statements of Apag Limited for the year ended October 31, 2005 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2005.
FRS 28.37(b)	Summarised financial information in respect of the group's associates is set out below:

	2005 $'000	2004 $'000
Total assets	171,340	86,261
Total liabilities	(51,180)	(58,986)
Net assets	120,160	27,275
Group's share of associates' net assets	45,060	12,274

	2005 $'000	2004 $'000
Revenue	158,900	94,780
Profit for the year	34,034	2,184
Group's share of associates' profit for the year	12,763	983

FRS 28.37(g) The group has not recognised losses amounting to $20,000 (2004 : $26,000) for PAAG Pte Ltd. The accumulated losses not recognised were $100,000 (2004 : $80,000).

LM 717
LM 718

Guidance note: 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.

22. JOINT VENTURES

FRS 31.56 The group has the following significant interests in joint ventures:

a) a 25% share in the ownership of a property located in Singapore. The group is entitled to a proportionate share of the rental income received and bears a proportionate share of the outgoings. The joint venture is audited by Deloitte & Touche, Singapore.

b) a 33.5% equity shareholding with equivalent voting power, in JV Electronics Limited, a joint venture established in the People's Republic of China. The joint venture is audited by an overseas practice of Deloitte Touche Tohmatsu.

FRS 31.56 The following amounts are included in the group's financial statements as a result of the proportionate consolidation of JV Electronics Limited:

		2005 $'000	2004 $'000
	Current assets	53,129	46,382
	Non-current assets	41,302	38,577
	Current liabilities	17,639	15,278
	Non-current liabilities	29,214	24,730
	Income	8,329	47,923
	Expenses	5,702	46,378
FRS 31.55	Proportionate interest in joint venture commitments	90	92

Guidance note: 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.

Source	

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2005	2004
	$'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 (2004 : $1.5 million).

FRS 32.60
FRS 32.92(b)

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

FRS 32.60

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.

FRS 32.67
FRS 32.74(d)

The investments in quoted and unquoted debt securities have effective interest rates ranging from 2.45% to 6.47% (2004 : 3.4% to 3.55%) per annum and have maturity dates ranging from April 2006 to September 2019 (2004 : August 2005 to June 2013).

FRS 32.63(h)

The group's available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	2004
	$'000	$'000
United States dollars	13,022	14,856
Japanese yen	2,115	2,782
Euro	1,545	1,770
Sterling pounds	1,010	-

24. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2005	2004
	$'000	$'000
Unquoted equity shares, at fair value	1,018	1,000

FRS 28.1

Included in unquoted equity investments are venture capital investments in 2 entities (2004 : 2) which represent more than 20% shareholdings in these 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*.

FRS 32.63(h)

Other financial assets at fair value through profit or loss are denominated in Singapore dollars, the functional currency of the entity.

FRS 39.46(b)

25. HELD-TO-MATURITY FINANCIAL ASSETS

	Group	
	2005	2004
	$'000	$'000
Unquoted debt securities, at amortised cost	2,293	2,694

FRS 32.67

The average effective interest rate of the unquoted debt securities is 1.875% (2004 : 1.875%) per annum.

FRS 32.63(a)
FRS 32.63(f)
FRS 32.63(b)

The unquoted debt securities have nominal values amounting to $2.3 million (2004 : $2.3 million), coupon rates ranging from 0.05% to 2.125% (2004 : 0.05% to 2.125%) per annum and maturity dates ranging from September 7, 2008 to July 11, 2010 (2004 : September 7, 2008 to July 11, 2010).

The unquoted debt securities have fair values amounting to $2.1 million (2004 : $2.7 million).

FRS 32.63(h)

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.

Source	
	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)	Group

	Accelerated tax depreciation	Deferred development costs	Revaluation of building	Convertible bond-equity component	Retirement benefit obligations	Share-based payments	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At January 1, 2005	5,016	-	1,356	-	(2,561)	(491)	(839)	2,481
Charge to equity for the year	-	-	3,692	174	-	-	-	3,866
Charge (credit) to profit or loss for the year	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	199	-	-	-	38	-	(20)	217
As December 31, 2005	9,814	552	4,982	117	(2,062)	(2,345)	(617)	10,441

FRS 12.81(a) Company

	Accelerated tax depreciation	Deferred development costs	Revaluation of building	Convertible bond-equity component	Retirement benefit obligations	Share-based payments	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At January 1, 2005	-	-	-	-	(2,561)	(491)	-	(3,052)
Charge to equity for the year	-	-	-	174	-	-	-	174
Charge (credit) to profit or loss for the year	-	-	-	(57)	181	(1,854)	-	(1,730)
Disposal of subsidiary	-	-	-	-	280	-	-	280
Exchange differences	-	-	-	-	38	-	-	38
As December 31, 2005	-	-	-	117	(2,062)	(2,345)	-	(4,290)

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 balance sheet purposes:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
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) At the balance sheet date, the group has unutilised tax losses of $11.23 million (2004: $16.53 million) available for offset against future profits. A deferred tax asset has been recognised in respect of $3.52 million (2004: $5.24 million) of such losses. No deferred tax asset has been recognised in respect of the remaining $7.71 million (2004: $11.29 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of $2.38 million (2004: $3.29 million) that will expire in 2007. Other losses may be carried forward indefinitely.

FRS 12.81(f) At the balance sheet date, 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 (2004: $6.3 million). 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 insignificant.

FRS 12.80(d) **Guidance note: Deferred tax arising from changes in income tax rates**
The effect of changes in the income tax rate on deferred tax assets and liabilities shall be disclosed accordingly.

Source

FRS 32.60(a)

27. BANK OVERDRAFTS AND LOANS

Source		Group 2005 $'000	Group 2004 $'000
FRS 32.67(a)	Bank overdrafts	1,907	1,909
FRS 32.74(a)	Bank loans	448,753	525,530
		450,660	527,439
	The borrowings are repayable as follows:		
	On demand or within one year	94,307	78,686
	In the second year	92,400	92,400
	In the third year	164,665	92,400
	In the fourth year	92,400	164,665
	In the fifth year	6,888	92,400
	After five years	-	6,888
		450,660	527,439
	Less: Amount due for settlement within 12 months (shown under current liabilities)	(94,307)	(78,686)
	Amount due for settlement after 12 months	356,353	448,753

FRS 32.63(h) The group's borrowings that are not denominated in the functional currencies of the respective entities are as follow:

2005

	Group SGD $'000	USD $'000	JPY $'000	EUR $'000	Total $'000
Bank overdrafts	182	288	530	907	1,907
Bank loans	1,000	-	-	-	1,000
	1,182	288	530	907	2,907

2004

	SGD $'000	USD $'000	JPY $'000	EUR $'000	Total $'000
Bank overdrafts	434	282	842	351	1,909
Bank loans	2,000	-	-	-	2,000
	2,434	282	842	351	3,909

FRS 32.67(b)
FRS 32.74(d) The average effective interest rates paid were as follows:

	Group 2005	Group 2004
Bank overdrafts	8.7%	9.2%
Bank loans	7.8%	8.1%

FRS 32.71 Bank loans of $72.265 million (2004: $72.265 million) are arranged at fixed interest rates and expose the group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the group to cash flow interest rate risk.

FRS 32.86
FRS 32.92 The directors estimate the fair value of the group's borrowings, by discounting their future cash flows at the market rate, to be as follows:

	Group 2005 $'000	Group 2004 $'000
Bank overdrafts	1,907	1,909
Bank loans	463,000	530,000

Bank overdrafts are repayable on demand. Overdrafts of $1.1 million (2004: $1.1 million) have been secured by a charge over the group's inventories. The average effective interest rate on bank overdrafts approximated 8.7% (2004: 9.2%) in the year and is determined based on 2% plus prime rate.

The group has two principal bank loans:

a) a loan of $376.488 million (2004: $463.265 million). The loan was raised on February 1, 2003. Repayments commenced on January 31, 2005 and will continue until January 2, 2010. The loan is secured by a charge over certain of the group's properties. The loan carries interest at 1% plus prime rate.

Source

b) a loan of $72.265 million (2004: $72.265 million) secured on certain current and non-current assets of the group. This loan was advanced on July 1, 2004 and is due for repayment on January 3, 2008. The bank loan carries fixed interest rate at 8% (2004: 8%) per annum.

FRS 7.50 At December 31, 2005, the group had available $200 million (2004: $200 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

28. TRADE AND OTHER PAYABLES

Source		Group		Company	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
FRS 32.60(a)	Trade creditors and accruals	172,420	115,283	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	-	-
	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
		191,429	134,412	3,044	4,534

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Loans from the holding company are unsecured and interest-free.

FRS 32.63(h) The group and company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
United States dollars	101,136	86,125	1,332	1,824
Singapore dollars	13,330	6,095	-	-
Euro	12,762	10,292	560	485

29. FINANCE LEASES

Source		Group			
		Minimum lease payments		Present value of minimum lease payments	
FRS 17.31(b) FRS 32.67(a)		2005	2004	2005	2004
		$'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
	Less: future finance charges	(276)	(883)	N/A	N/A
	Present value of lease obligations	2,393	2,727	2,393	2,727
FRS 1.52	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 32.60(a)
FRS 32.67
FRS 32.71
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, 2005, the average effective borrowing rate was 8.5% (2004: 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.

All lease obligations are denominated in Singapore dollars.

FRS 32.86 The fair value of the group's lease obligations approximates their carrying amount.

Source	
FRS 16.74(a)	The group's obligations under finance leases are secured by the lessors' title to the leased assets.
FRS 37.84(a) - (c)	**30. PROVISIONS**

	Group			
	Warranty provision $'000	Provision for rectification work $'000	Other $'000	Total $'000
At January 1, 2005	1,572	-	493	2,065
Contingent liability recognised on the acquisition of Huiji Electronic Systems (China) Limited	-	-	21	21
Additional provision in the year	946	14,170	58	15,174
Utilisation of provision	(298)	(8,112)	(300)	(8,710)
At December 31, 2005	2,220	6,058	272	8,550

Source		Group	
		2005 $'000	2004 $'000
	Analysed as:		
FRS 1.52	Current liabilities	6,432	2,065
	Non-current liabilities	2,118	-
		8,550	2,065

FRS 37.85 — The warranty provision represents management's best estimate of the group's liability under "12 month" warranties granted on electrical products, based on past experience and industry averages for defective products.

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 46). Anticipated expenditure for 2006 is $3.94 million, and for 2007 is $2.118 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 103.50 — On the acquisition of Huiji Electronic Systems (China) Limited (Note 50), the group recognised an additional contingent liability in respect of employees' compensation claims outstanding against that entity. The amount was settled prior to the balance sheet date.

31. CONVERTIBLE LOAN NOTES

FRS 32.60(a)
FRS 32.67 — The convertible loan notes were issued on April 1, 2005, 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. On issue, the loan notes were convertible at 18 shares per $10 loan note.

If the notes have not been converted, they will be redeemed on April 1, 2007 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:

Source		Group and Company 2005 $'000
	Nominal value of convertible loan notes issued	25,000
	Equity component (net of deferred tax)	(821)
	Deferred tax liability	(174)
FRS 32.67	Liability component at date of issue	24,005
	Interest charged	1,260
	Interest paid	(938)
	Liability component at December 31, 2005	24,327

FRS 32.94(d) — 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.

FRS 32.86
FRS 32.92 — The directors estimate the fair value of the liability component of the convertible loan notes at December 31, 2005 to be approximately $23.7 million. This fair value has been calculated by discounting the future cash flows at the market rate prevailing as at balance sheet date.

Source

32. RETIREMENT BENEFIT OBLIGATIONS

Note: The disclosures below reflect the impact of the amendments made to FRS 19, Employee Benefits, which have been adopted for the purposes of these financial statements in advance of their effective date (Note 2).

FRS 19.44

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 19.46

The total expense recognised in the profit and loss statement of $9.8 million (2004: $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, 2005, contributions of $0.7 million (2004: $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 balance sheet date.

Defined benefit plan

FRS 19.120A(b)

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.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2005 by 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 19.120A(n)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2005	2004
Discount rate	7%	7%
Expected return on plan assets	9%	8%
Expected rate of salary increases	5%	5%
Future pension increases	4%	4%

FRS 19.120A(f)

The amount recognised in the balance sheet in respect of the group's defined benefit retirement benefit plan is as follows:

	Group	
	2005	2004
	$'000	$'000
Present value of funded obligations	180,512	177,395
Fair value of plan assets	(125,093)	(118,828)
	55,419	58,567
Unrecognised actuarial losses	(17,310)	(15,372)
Unrecognised past service cost	(4,181)	(4,721)
Net liability recognised in the balance sheet	33,928	38,474

FRS 19.120A(g)

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	Group	
	2005	2004
	$'000	$'000
Current service cost	17,561	12,297
Interest on obligation	9,021	7,057
Expected return on plan assets	(10,443)	(9,503)
Actuarial losses recognised in the year	-	1,309
Past service cost	540	1,888
	16,679	13,048

Source	
FRS 19.120A(g)	The charge for the year is included in the employee benefits expense in the profit and loss statement. *[Where analysis of expenditure in the income statement is by nature]*
	OR
FRS 19.120A(m)	Of the charge for the year, $12.832 million (2004: $10.035 million) is included in cost of sales in the income statement and $3.847 million (2004: $3.013 million) is included in administrative expenses. *[Where analysis of expenditure in the income statement is by function]*
	The actual return on plan assets was $10.32 million (2004: $9.7 million).
FRS 19.120A(c)	Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2005	2004
	$'000	$'000
Opening defined benefit obligation	177,395	169,541
Service cost	17,561	12,297
Interest cost	9,021	7,057
Actuarial losses	2,238	2,512
Obligation transferred on disposal of subsidiary	(4,932)	-
Obligation acquired on acquisition of a subsidiary	2,436	-
Exchange differences	138	(721)
Benefits paid	(23,345)	(13,291)
Closing defined benefit obligation	180,512	177,395

FRS 19.120A(e) — Changes in the fair value of plan assets are as follows:

	Group	
	2005	2004
	$'000	$'000
Opening fair value of plan assets	118,828	108,095
Expected return	10,443	9,503
Actuarial gains	300	995
Contributions by employer	18,429	14,440
Exchange difference	438	(914)
Benefits paid	(23,345)	(13,291)
Closing fair value of plan assets	125,093	118,828

FRS 19.120A(j) — The fair value of plan assets at the balance sheet date is analysed as follows:

	Group	
	2005	2004
	$'000	$'000
Equity instruments	3,182	4,629
Debt instruments	34,096	38,735
Property	29,717	18,226
Other assets	58,098	57,238
	125,093	118,828

FRS 19.120A(k) — 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.

FRS 19.120A(l) — The expected rates of return on individual categories of plan assets are determined by reference to relevant indices published by the Singapore Exchange Securities Trading Limited. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Source	
FRS 19.120A(p)	The history of the plan for the current and prior years is as follows:

	Group 2005 $'000	Group 2004 $'000
Present value of defined benefit obligation	180,512	177,395
Fair value of plan assets	(125,093)	(118,828)
Deficit	55,419	58,567
Experience adjustments on plan liabilities	1,862	784
Experience adjustments on plan assets	300	684

In accordance with the transitional provisions relating to the amendments to FRS 19 *Employee Benefits* in December 2004, the disclosures above are determined prospectively from the preceding financial year.

FRS 19.120A(q) — The group expects to contribute approximately $16 million to its defined benefit plan in 2006.

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.

FRS 102.45(b) — Details of the share options outstanding during the year are as follows:

	Group and Company 2005 Number of share options	2005 Weighted average exercise price $	2004 Number of share options	2004 Weighted average exercise price $
Outstanding at the beginning of the year	4,500,000	3.03	2,210,000	1.62
Granted during the year	1,700,000	6.49	2,300,000	4.37
Forfeited during the year	(1,000)	1.50	(10,000)	1.50
Exercised during the year	(650,000)	1.38	-	
Expired during the year	(60,000)	1.00	-	
Outstanding at the end of the year	5,489,000	4.14	4,500,000	3.03
Exercisable at the end of the year	1,789,000		1,000,000	

FRS 102.45(c), (d) — The weighted average share price at the date of exercise for share options exercised during the year was $7.10. The options outstanding at the end of the year have a weighted average remaining contractual life of 3.4 years (2004: 3.6 years).

FRS 102.47(a) — In 2005, options were granted on March 31, June 30 and October 31. The estimated fair values of the options granted on those dates are $1.84, $2.35 and $2.84 respectively. In 2004, options were granted on June 30 and December 31. The estimated fair values of the options granted on those dates are $1.22 and $2.22 respectively.

These fair values were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2005	2004
Weighted average share price	$5.45	$4.37
Weighted average exercise price	$5.39	$4.25
Expected volatility	40%	35%
Expected life	4	4
Risk free rate	3.5%	3.0%
Expected dividend yield	2%	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 transferrability, exercise restrictions and behavioural considerations.

Source	
FRS 102.47(c)	During the year, the company repriced certain of its outstanding options. The exercise price was reduced from $6.20 to the then current market price of $5.00. The incremental fair value of $0.256 million will be expensed over the remaining vesting period of 2 years. The company used the inputs noted above to measure the fair value of the old and new options.
FRS 102.51(a)	The group recognised total expenses of $2.86 million (2004: $1.202 million) related to equity-settled share-based payment transactions during the year.

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, 2005, the group has recorded liabilities of $6.528 million (2004: $3.516 million). The fair value of the SARs is determined using the Black-Scholes pricing model using the assumptions noted above. The group and company recorded total expenses of $3.012 million (2004: $3.516 million) during the year in respect of SARs. At December 31, 2005, the total intrinsic value of the vested SARs was Nil (2004: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 during the year, at an average share price of $5.90. The discount of $1 million will be expensed over the vesting period of 3 years.

FRS 1.76(a)

34. SHARE CAPITAL

	Group and Company			
	2005	2004	2005	2004
	Number of ordinary shares of $1 each		$'000	$'000
Authorised	200,000,000	200,000,000	200,000	200,000
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	-	2,080	-
Issued for cash	1,000,000	-	3,920	-
At the end of the year	121,650,000	120,000,000	158,098	152,098

The company has one class of ordinary shares which carry no right to fixed income.

FRS 32.34

35. TREASURY SHARES

	Group and Company			
	2005	2004	2005	2004
	Number of ordinary shares of $1 each		$'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 Stock 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 GAAP Employee Share Option Scheme.

Source	

FRS 1.76(b)
FRS 1.96, 97

36. CAPITAL RESERVES

	Share Premium $'000	Equity reserve $'000	Share options reserve $'000	Total $'000
	Group and Company			
Balance at January 1, 2004	32,098	-	-	32,098
Recognition of share-based payments (FRS 12.81(a))	-	-	1,202	1,202
Balance at January 1, 2005	32,098	-	1,202	33,300
Recognition of share-based payments	-	-	2,860	2,860
Share issued at premium	4,350	-	-	4,350
Recognition of equity component of convertible loan notes (Note 31)	-	995	-	995
Deferred tax liability arising on recognition of equity component of convertible loan notes	-	(174)	-	(174)
Balance at December 31, 2005	36,448	821	4,062	41,331

The equity reserve represents the equity component of convertible debt instruments.

FRS 1.76(b)
FRS 1.96,97
FRS 16.77(f)

37. REVALUATION RESERVES

	Property revaluation reserve $'000	Investments revaluation reserve $'000	Total $'000
		Group	
Balance at January 1, 2004	33,208	-	33,208
Loss on revaluation of investment property	(59)	-	(59)
Loss on revaluation of property	(4,369)	-	(4,369)
Reversal of deferred tax liability on revaluation of land and buildings (FRS 12.81(a))	320	-	320
Balance at January 1, 2005	29,100	-	29,100
Effect of adopting FRS 39	-	5,432	5,432
Balance at January 1, 2005 (restated)	29,100	5,432	34,532
Gain on revaluation of investment property	591	-	591
Gain on revaluation of property	64,709	-	64,709
Deferred tax liability arising on revaluation of land and buildings (FRS 12.81(a))	(3,692)	-	(3,692)
Transfer to profit and loss on sale of available-for-sale investments (FRS 32.94(h))	-	(611)	(611)
Gains on available-for-sale investments	-	251	251
Balance at December 31, 2005	90,708	5,072	95,780

FRS 16.77(f) The revaluation reserves are not available for distribution to the company's shareholders.

Source

FRS 1.76(b)
FRS 1.96 & 97
FRS 21.52(b)

38. HEDGING AND TRANSLATION RESERVES

Source		Group		
		Hedging reserve $'000	Translation reserve $'000	Total $'000
	Balance at January 1, 2004	-	(6,612)	(6,612)
	Exchange differences on translation of foreign operations	-	2,706	2,706
FRS 32.59(a)	Balance at January 1, 2005	-	(3,906)	(3,906)
FRS 32.59(b)	Effect of adopting FRS 39	4,414	-	4,414
	Balance at January 1, 2005 (restated)	4,414	(3,906)	508
FRS 32.59(a)	Exchange differences arising on translation of foreign operations	-	(12,718)	(12,718)
FRS 32.59(b)	Gain on cash flow hedges	1,723	-	1,723
FRS 32.59(c)	Transfer to profit or loss on cash flow hedges	(995)	-	(995)
	Transfer to initial carrying amount of non-financial hedged item on cash flow hedges	(218)	-	(218)
	Balance at December 31, 2005	4,924	(16,624)	(11,700)

FRS 1.76(b)
FRS1.96
FRS 1.97

39. RETAINED EARNINGS
[If "ALT 1 – Statement of Recognised Income and Expense" is used]

	Group $'000	Company $'000
Balance at January 1, 2004	149,869	1,819
Effect of adopting FRS 17	90	-
Balance at January 1, 2004 (as restated)	149,959	1,819
Dividends	(8,040)	(8,040)
Profit for the year	20,134	8,361
Balance at January 1, 2005	162,053	2,140
Effect of adopting FRS 39	(6,908)	-
Effect of adopting FRS 102	2,465	-
Balance at January 1, 2005 (as restated)	157,610	2,140
Dividends	(5,040)	(5,040)
Profit for the year	99,166	5,325
Balance at December 31, 2005	251,736	2,425

Details of the changes in accounting policies in the year are set out in Note 2 to the financial statements.

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:

Source		Group	
		2005 $'000	2004 $'000
	Continuing operations		
	Sales of electronics goods	743,127	504,633
FRS 11.39(a)	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

Source

41. BUSINESS AND GEOGRAPHICAL SEGMENTS

Note: *The following analysis by business and geographical segment is required by FRS 14, Segment Reporting, to be presented by entities whose equity or debt securities are publicly traded or that are in the process of issuing equity or debt securities in public securities markets. If an entity whose securities are not publicly traded chooses to disclose segment information voluntarily in financial statements that comply with FRSs, that entity should comply fully with the requirements of FRS 14.*

Business segments

FRS 14.81
FRS 1.126(b)
For management purposes, the group is currently organised into three operating divisions – electronic goods, construction and leasing. These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

Electronic goods – manufacture and distribution of electronic consumer goods.
Construction – construction of properties on a contract basis.
Leasing – leasing of electronic equipment and property rental.

FRS 14.25
Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Investments in associates: Income from associates are allocated as they are specifically attributable to business segments, and correspondingly the investments in associates are included as segment assets of the group.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

In prior years, the group was also involved in the manufacture and sale of toys. That operation was discontinued with effect from November 30, 2005 (Note 45).

Segment information about the group's continuing operations is presented below. Segment information about the group's discontinued operations is presented in Note 45.

In prior years, the group was also involved in the manufacture and sale of toys. That operation was discontinued with effect from November 30, 2005 (Note 45).

Segment information about the group's continuing operations is presented below. Segment information about the group's discontinued operations is presented in Note 45.

2005

Source		Group				
		Electronic goods 2005 $'000	Construction 2005 $'000	Leasing 2005 $'000	Eliminations 2005 $'000	Total for continuing operations 2005 $'000
	Revenue					
FRS 14.51	External sales	743,127	304,073	17,460	-	1,064,660
	Inter-segment sales	10,020	-	-	(10,020)	-
RS 14.67	Total revenue from continuing operations	753,147	304,073	17,460	(10,020)	1,064,660

FRS 14.75
Inter-segment sales are charged at prevailing market prices.

Source		Electronic goods	Construction	Leasing	Eliminations	Total for continuing operations
	Result					
FRS 14.52	Segment result from continuing operations	95,292	34,879	16,699	(3,005)	143,865
	Unallocated expenses					(18,114)
FRS 14.67	Operating profit from continuing operations					125,751
FRS 14.64	Share of profit of associates	10,392	2,371			12,763
	Investment revenues					3,501
	Other gains and losses					(563)
	Finance costs					(36,187)
FRS 14.67	Profit before tax					105,265
	Income tax expense					(16,166)
	Profit for the year from continuing operations					89,099

Source						
	Other information			Group		
		Electronic goods 2005 $'000	Construction 2005 $'000	Leasing 2005 $'000	Other 2005 $'000	Total for continuing operations 2005 $'000
FRS 14.57	Capital additions	64,748	11,820	1,525	2,781	80,874
FRS 14.58	Depreciation and amortisation	21,140	6,120	192	3,259	30,711
FRS 36.129(a)	Impairment losses recognised in profit or loss	-	463	-	4,130	4,593
	Balance sheet	2005 $'000	2005 $'000	2005 $'000		2005 $'000
	Assets					
FRS 14.55	Segment assets	673,160	149,390	208,798		1,031,348
FRS 14.66	Interests in associates	37,999	7,061	-		45,060
	Unallocated assets					167,085
FRS 14.67	Consolidated total assets					1,243,493
	Liabilities					
FRS 14.56	Segment liabilities	108,657	44,457	20,156		173,270
	Unallocated liabilities					568,741
FRS 14.67	Consolidated total liabilities					742,011

2004

				Group		
		Electronic goods 2004 $'000	Construction 2004 $'000	Leasing 2004 $'000	Eliminations 2004 $'000	Total for continuing operations 2004 $'000
	Revenue					
FRS 14.51	External sales	504,633	209,562	14,055	-	728,250
	Inter-segment sales	9,370	-	-	(9,370)	-
FRS 14.67	Total revenue from continuing operations	514,003	209,562	14,055	(9,370)	728,250

FRS 14.75 Inter-segment sales are charged at prevailing market prices.

	Result					
FRS 14.52	Segment result from continuing operations	33,993	15,930	9,929	(1,843)	58,009
	Unallocated expenses					(8,176)
FRS 14.67	Operating profit from continuing operations					49,833
FRS 14.64	Share of profit of associates		983			983
	Investment revenues					717
	Other gains and losses					502
	Finance costs					(32,165)
FRS 14.67	Profit before tax					19,870
	Income tax expense					(3,810)
	Profit for the year from continuing operations					16,060

Source

Other information

Source		Group Electronic goods 2004 $'000	Construction 2004 $'000	Leasing 2004 $'000	Eliminations 2004 $'000	Total for continuing operations 2004 $'000
FRS 14.57	Capital additions	47,046	-	2,277	4,682	54,005
FRS 14.58	Depreciation and amortisation	10,122	4,944	158	2,014	17,238

Balance sheet

Source		2004 $'000	2004 $'000	2004 $'000	Consolidated 2004 $'000
	Assets				
FRS 14.55	Segment assets:				
	continuing operations	572,546	105,002	184,204	861,752
	discontinued operation (Note 49)				36,844
FRS 14.66	Interests in associates	-	12,274	-	12,274
	Unallocated assets				148,644
FRS 14.67	Consolidated total assets				1,059,514
	Liabilities				
FRS 14.56	Segment liabilities:				
	continuing operations	76,625	31,217	14,190	122,032
	discontinued operation (Note 49)				11,203
	Unallocated liabilities				583,156
FRS 14.67	Consolidated total liabilities				716,391

Geographical segments

FRS 14.81 The group's operations are located in Singapore, Malaysia, Hong Kong and the People's Republic of China. The group's construction and leasing divisions are located in Singapore. Manufacturing of electronic goods is carried out in Malaysia and the People's Republic of China.

FRS 14.69(a) The following table provides an analysis of the group's sales by geographical market, irrespective of the origin of the goods/services.

Group

Sales revenue by geographical market

	Continuing operations 2005 $'000	Continuing operations 2004 $'000	Discontinued operation 2005 $'000	Discontinued operation 2004 $'000	Total 2005 $'000	Total 2004 $'000
U.S.A.	741,242	481,027	81,457	103,320	822,699	584,347
Singapore	95,992	86,171	75,494	35,632	171,486	121,803
Malaysia	52,701	37,432	-	-	52,701	37,432
South Korea	137,892	97,942	-	-	137,892	97,942
Others	36,833	25,678	2,487	2,251	39,320	27,929
	1,064,660	728,250	159,438	141,203	1,224,098	869,453

FRS 14.69(b), (c) The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

Group

	Carrying amount of segment assets 2005 $'000	Carrying amount of segment assets 2004 $'000	Additions to property, plant and equipment and intangible assets 2005 $'000	Additions to property, plant and equipment and intangible assets 2004 $'000
Singapore	521,209	401,930	38,261	25,787
Malaysia	363,310	320,837	18,551	18,446
People's Republic of China	358,974	336,747	24,062	9,772
	1,243,493	1,059,514	80,874	54,005

Source

FRS 18.35(b)

42. INVESTMENT REVENUES

	Group Continuing operations	
	2005	2004
	$'000	$'000
Interest on bank deposits	1,202	368
Dividends from equity investments	2,299	349
	3,501	717

43. FINANCE COSTS

Source		Group					
		Continuing operations		Discontinued operation		Total	
		2005	2004	2005	2004	2005	2004
		$'000	$'000	$'000	$'000	$'000	$'000
	Interest on bank overdrafts and loans	40,430	31,932	493	830	40,923	32,762
	Interest on convertible loan notes (Note 31)	1,260	-	-	-	1,260	-
	Interest on obligations under finance leases	348	233	-	-	348	233
FRS 32.94(h)	Total borrowing costs	42,038	32,165	493	830	42,531	32,995
FRS 23.29(b)	Less: amounts included in the cost of qualifying assets	(5,571)	-	-	-	(5,571)	-
		36,467	32,165	493	830	36,960	32,995
FRS 32.94(h)	Loss arising on derivatives not in a designated hedge accounting relationship	100	-	-	-	100	-
	Fair value gains on interest rate swaps designated as cash flow hedges transferred from equity	(380)	-	-	-	(380)	-
		36,187	32,165	493	830	36,680	32,995

FRS 23.29(c)

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.

FRS 12.79

44. INCOME TAX EXPENSE

	Group					
	Continuing operations		Discontinued operation		Total	
	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax	11,911	3,245	1,739	287	13,650	3,532
Deferred tax	4,255	565	78	102	4,333	667
Income tax expense for the year	16,166	3,810	1,817	389	17,983	4,199

FRS 12.81(c)

Domestic income tax is calculated at 20% (2004: 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Source

FRS 12.81(c)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2005	2004
	$'000	$'000
Profit before tax:		
continuing operations	105,265	19,870
discontinued operation	12,493	4,560
	117,758	24,430

	Group			
	2005		2004	
	$'000	%	$'000	%
Tax at the domestic income tax rate of 20% (2004: 20%)	23,552	20	4,886	20
Tax effect of share of results of associates	(5,202)	(4.4)	(493)	(2.1)
Tax effect of expenses that are not deductible in determining taxable profit	265	0.2	29	0.1
Tax effect of utilisation of tax losses not previously recognised	(704)	(0.6)	(235)	(1.0)
Effect of different tax rates of subsidiaries operating in other jurisdictions	72	0.1	12	0.1
Tax expense and effective tax rate for the year	17,983	15.3	4,199	17.1

FRS 12.81(a)

In addition to the income tax expense charged to profit or loss, a deferred tax charge of $3.866 million (2004: credit of $0.32 million) has been recognised in equity in the year (Notes 36 and 37).

Guidance note: Income tax expense reconciliation
Either a numerical or percentage reconciliation of the income tax expense is necessary.

45. DISCONTINUED OPERATION

FRS 105.30
FRS 105.41

On May 14, 2005, the group entered into a sale agreement to dispose of GAAP Playsystems Limited, which carried out all of the group's 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, 2005, 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:

	2005	2004
	$'000	$'000
Profit of toy manufacturing operation for the year	2,183	4,171
Gain on disposal of toy manufacturing operation (Note 49)	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, 2005 to November 30, 2005 are as follows:

	2005	2004
	$'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
Income tax expense	(1,817)	(389)
Profit for the year	2,183	4,171

FRS 105.33(c)
FRS 105.34

During the year, GAAP Playsystems Limited contributed $4.8 million (2004: $4.25 million) to the group's net operating cash flows, paid $1.37 million (2004: $2.89 million) in respect of investing activities and paid $0.9 million (2004: $3.71 million) in respect of financing activities.

Source

The carrying amounts of the assets and liabilities of GAAP Playsystems Limited at the date of disposal are disclosed in Note 49.

46. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

Source		Group					
		Continuing operations		Discontinued operation		Total	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
CA 201(8)	Directors' remuneration:						
	- of the company	1,232	1,089	-	-	1,232	1,089
	- of the subsidiaries	726	655	121	135	847	790
FRS 1.93	Employee benefits expense (including directors' remuneration)	220,299	188,809	30,169	26,906	250,468	215,715
FRS 21.52(a)	Net foreign exchange losses (gains)	960	(840)	318	109	1,278	(731)
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)
	Release of negative goodwill to income (included in other operating income)	-	(2,210)	-	-	-	(2,210)
	(Increase) decrease in fair value of value of investment property	(591)	49	-	-	(591)	49
FRS 2.36(d)	Cost of inventories recognised as expense	697,027	552,343	97,431	79,923	794,458	632,266
	Audit fees:						
	- paid to auditors of the company	250	225	-	14	250	239
	- paid to other auditors	161	159	-	13	161	172
LM 1207(6)(a)	Non-audit fees:						
	- paid to auditors of the company	20	20	-	-	20	20
	- paid to other auditors	40	35	-	5	40	40
	Depreciation of property, plant and equipment	28,097	16,145	1,420	2,897	29,517	19,042
	Impairment of property, plant and equipment (included in other operating expense)	4,130	-	-	-	4,130	-
FRS 38.118(d)	Amortisation of intangible assets and goodwill (included in [depreciation and amortisation expense/ administration expenses])	2,614	1,093	-	-	2,614	1,093
FRS 36.126(a)	Impairment of goodwill (included in [depreciation and amortisation expense/ administration expenses])	463	-	-	-	463	-
FRS 1.93	Total depreciation and amortisation	35,304	17,238	1,420	2,897	36,724	20,135

Guidance Note: Additional disclosure if profit and loss statement is by function

Separate disclosure of staff costs and depreciation is required where the expenses presented in the profit and loss are analysed by function (see Profit and loss statement - Alt 2)

Audit & Non-audit fees

LM 1207(6)(b) Where the company is listed, the audit committee is required to review the amount of non-audit fees in relation to the amount of audit fees.

LM 1207(6)(a) Where no non-audit fees were provided by the auditors, an appropriate negative statement shall be made.

Source	
FRS 1.86	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 2007. $8.112 million has been expended in the current year, with a provision of $6.058 million carried forward to meet anticipated expenditure in 2006 and 2007 (Note 30).

47. DIVIDENDS

FRS 1.95

On May 23, 2005, a dividend of 4.2 cents per share (total dividend $5.04 million) was paid to shareholders. In May 2004, the dividend paid was 6.7 cents per share (total dividend $8.04 million).

FRS 1.125(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, 2006. 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, 2006. The total estimated dividend to be paid is $11.9 million.

48. EARNINGS PER SHARE

Note: *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.*

From continuing and discontinued operations

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

FRS 33.70(a)

Earnings

	2005 $'000	2004 $'000
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the parent)	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

	2005 '000	2004 '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

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data.

FRS 33.70(a)

Earnings figures are calculated as follows:

	2005 $'000	2004 $'000
Profit for the year attributable to equity holders of the parent	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.

Source

FRS 33.68

From discontinued operation

Basic earnings per share for the discontinued operation is 8.8 cents per share (2004: 3.5 cents per share) and diluted earnings per share for the discontinued operation is 6.3 cents per share (2004: 3.4 cents per share), based on the profit for the year from the discontinued operation of $10.7 million (2004: $4.2 million) and the denominators detailed above for both basic and diluted earnings per share.

FRS 8.28(f)

Impact of changes in accounting policy

Changes in the group's accounting policies during the year are described in detail in Note 2 to the financial statements. To the extent that those changes have had an impact on results reported for 2005 and 2004, they have had an impact on the amounts reported for earnings per share. The following table summarises that impact on both basic and diluted earnings per share:

	Impact on basic earnings per share		Impact on diluted earnings per share	
	2005	2004	2005	2004
	cents	cents	cents	cents
Recognition of share-based payments as expenses	(2.7)	(2.8)	(2.0)	(2.8)
Non-amortisation of goodwill (replaced by impairment loss)	-	-	-	-
Negative goodwill no longer released to income	(1.1)	-	(0.9)	-
Amortisation of initial direct costs on operating leases ($10,000 decrease in profit each year does not impact amounts reported due to rounding)	-	-	-	-
Total impact of changes in accounting policy	(3.8)	(2.8)	(2.9)	(2.8)

49. DISPOSAL OF SUBSIDIARY

As referred to in Note 45 to the financial statements, on November 30, 2005, the group discontinued its toy operations at the time of the disposal of its subsidiary, GAAP Playsystems Limited.

FRS 7.40(d)

The net assets of GAAP Playsystems Limited at the date of disposal and at December 31, 2004 were as follows:

Source		November 30, 2005	December 31, 2004
		$'000	$'000
	Property, plant and equipment	10,125	7,293
	Inventories	11,976	14,202
FRS 7.40(c)	Trade receivables	13,549	11,730
	Bank balances and cash	4,382	1,946
	Retirement benefit obligation	(4,932)	(5,107)
	Deferred tax liability	(189)	-
	Current tax liability	(1,854)	(37)
	Trade payables	(2,387)	(2,104)
	Bank overdraft	(6,398)	(5,834)
	Attributable goodwill	1,673	1,673
		25,945	23,762
FRS 7.40(a)	Gain on disposal	8,493	
	Total consideration	34,438	
FRS 7.40(b)	Satisfied by:		
	Cash	10,899	
	Deferred consideration	23,539	
		34,438	
	Net cash inflow arising on disposal:		
	Cash consideration received	10,899	
	Cash and cash equivalents disposed of	(4,382)	
		6,517	

The deferred consideration will be settled in cash by the purchaser on or before May 30, 2006.

Source	
	The impact of GAAP Playsystems Limited on the group's results and cash flows in the current and prior periods is disclosed in Note 45.
FRS 103.66 FRS 103.67(a) to (d)	**50. ACQUISITION OF SUBSIDIARY**
	On August 1, 2005, the group acquired 100% of the issued share capital of Huiji Electronic Systems (China) Limited for cash consideration of $7.9 million. This transaction has been accounted for by the purchase method of accounting.
FRS 103.67(f) FRS 7.40(d)	The net assets acquired in the transaction, and the goodwill arising, are as follows:

Source		Acquiree's carrying amount before combination $'000	Fair value adjustments $'000	Fair value $'000
	Net assets acquired:			
	Property, plant and equipment	8,140	767	8,907
	Trademarks	-	870	870
	Deferred tax asset	-	351	351
	Inventories	2,393	461	2,854
	Trade receivables	12,520	-	12,520
FRS 7.40(c)	Bank and cash balances	4,272	-	4,272
	Retirement benefit obligation	(2,436)	-	(2,436)
	Trade payables	(21,220)	(48)	(21,268)
	Deferred tax liability	(150)	-	(150)
	Contingent liability	-	(21)	(21)
		3,519	2,380	5,899
	Goodwill			2,043
FRS 7.40(a)	Total consideration, satisfied by cash			7,942
FRS 7.40(b)	Net cash outflow arising on acquisition:			
	Cash consideration paid			(7,942)
	Cash and cash equivalents acquired			4,272
				(3,670)

FRS 103.67(h)	The goodwill arising on the acquisition of Huiji Electronic Systems (China) Limited is attributable to the anticipated profitability of the distribution of the group's products in the new markets and the anticipated future operating synergies from the combination.
FRS 103.67(i)	Huiji Electronic Systems Limited contributed $15.3 million revenue and $1.2 million to the group's profit before tax for the period between the date of acquisition and the balance sheet date.
FRS 103.70	If the acquisition had been completed on January 1, 2005, total group revenue for the year would have been $1,249 million, and profit for the year would have been $102.5 million.
FRS 7.43	**51. NON-CASH TRANSACTIONS**
	Additions to plant and equipment during the year amounting to $1.563 million (2004: $0.8 million) were financed by new finance leases. Additions of $4.19 million in 2004 were acquired on deferred payment terms, and were settled in the current year.
FRS 37.86	**52. 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 2005. 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 $0.021 million of contingent liabilities at the date of acquisition of Huiji Electronic Systems (China) Limited. These were recognised as provisions, and were settled prior to the balance sheet date (Note 30).

Source	
FRS 31.54	*Contingent liabilities arising from interest in a jointly controlled entity*

	Group	
	2005	2004
	$'000	$'000
Guarantees given to banks in respect of bank facilities utilised by JV Electronics Limited	22,981	23,023
Guarantees given to banks in respect of bank facilities utilised by joint venture partners	5,371	8,209
	28,352	31,232

FRS 16.74(c)

53. COMMITMENTS

	Group	
	2005	2004
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	9,965	20,066

FRS 40.75(h) 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.

FRS 31.55 The group's share of the capital commitments of its jointly controlled entity, JV Electronics Limited, is as follows:

	Group	
	2005	2004
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	928	379

FRS 17.35(c)

54. OPERATING LEASE ARRANGEMENTS

The group as lessee

	Group	
	2005	2004
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	297	283

FRS 17.35(a) At the balance sheet date, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2005	2004
	$'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

FRS 17.35(d) 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.

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 $0.602 million (2004: $0.563 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 (2004: $0.01 million) which arose in negotiating operating leases for a substantial proportion of the group's investment property portfolio in 2003 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 balance sheet date. 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.

Source

FRS 17.56(a) At the balance sheet date, the group has contracted with tenants for the following future minimum lease payments:

	Group	
	2005	2004
	$'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

55. EVENTS AFTER THE BALANCE SHEET DATE

FRS 10.21 On January 18, 2006, 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 1.38

56. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements and 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 on the face of the balance sheet, profit and loss statement, statement of changes in equity and cash flow statements, and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation. The items were reclassified as follows:

	Group	
	Previously reported 2004	After reclassification 2004
	$'000	$'000
Current investments	29,730	-
Held for trading investments	-	11,125
Held-to-maturity financial assets	-	18,605
	29,730	29,730
Non-current investments	26,909	-
Available-for-sale investments	-	23,215
Other financial assets at fair value through profit or loss	-	1,000
Held-to-maturity financial assets	-	2,694
	26,909	26,909

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 balance sheet and statement of changes in equity of the company as set out on pages 12 to 68 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, 2005, 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, 2006

About Deloitte