MODEL FINANCIAL STATEMENTS
INTERNATIONAL GAAP HOLDINGS LIMITED

INTERNATIONAL GAAP HOLDINGS LIMITED

Financial Statements
for the year ended 31 December 2001

The model financial statements of International GAAP Holdings Limited are intended to address the presentation and disclosure requirements of IAS. They also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in illustr ative examples provided with a specific Standard.

These model financial statements have been presented without regard to local laws or regulations. Preparers of financial statements will need to ensure that the options selected under IAS do not conflict with such sources of regulation (e.g. the revaluation of assets is not permitted within certain regimes - but these financial statements illustrate the presentation where the alternative treatment under IAS 16 (Revised 1998) ***Property, Plant and Equipment*** *is adopted). In addition, local laws or securities regulations may specify disclosures in addition to those required by IAS (e.g. in relation to directors' remuneration). Preparers of financial statements will consequently need to adapt the model financial statements to comply with such additional local requirements.*

Suggested disclosures are cross-referenced to the relevant requirements in the Presentation and Disclosure Checklist. References are also provided to the underlying requirements in the texts of the relevant Standards. [References are made by IAS number, followed by the paragraph number e.g. 27.26 refers to paragraph 26 of IAS 27. For those Standards revised since their original issue, the year of the most recent revision is also noted e.g. 14(r1997).55 refers to paragraph 55 of IAS 14 (Revised 1997)].

For the purposes of presenting the income statement, statement of changes in equity and cash flow statement - the various alternatives allowed for under IAS for those primary statements have been illustrated. Preparers should select the alternatives most appropriate to their circumstances.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

CONTENTS

INTERNATIONAL GAAP HOLDINGS LIMITED

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
1(r1997).7(b)	2001,2018	CONSOLIDATED INCOME STATEMENT			
1(r1997).46(b), (c)	2019(b),(c)	FOR THE YEAR ENDED 31 DECEMBER 2001			[Alt 1]
1(r1997).92	8003		NOTES	Year ended	Year ended
1(r1997).46(d), (e)	2019(d),(e)			31/12/01 CU'000	31/12/00 CU'000
1(r1997).75(a)	3002(a)	Revenue	4	1,224,098	869,453
1(r1997).77	3006	Other operating income		10,150	6,745
1(r1997).77	3006	Changes in inventories of finished goods and work in progress		5,446	7,329
1(r1997).77	3006	Raw materials and consumables used		(769,541)	(557,328)
1(r1997).77	3006	Staff costs		(247,901)	(223,537)
1(r1997).77	3006	Depreciation and amortisation expense		(32,594)	(20,135)
1(r1997).77	3006	Other operating expenses		(33,200)	(22,965)
8(r1993).16	8055	Restructuring costs	6	(18,300)	-
1(r1997).75(b)	3002(b)	Profit from operations	7	138,158	59,562
1(r1997).75(c)	3002(c)	Finance costs	8	(36,680)	(32,995)
28(r2000).28	3005	Income from associates		12,763	983
1(r1997).75	3003	Income from investments	9	2,938	673
35.39	3004	Profit on disposal of discontinuing operations	10	8,493	-
		Profit before tax		125,672	28,223
12(r2000).77	3002(e)	Income tax expense	11	(19,606)	(4,370)
		Profit after tax		106,066	23,853
1(r1997).75(h)	3002(h)	Minority interest		(609)	(97)
1(r1997).75(i)	3002(i)	Net profit for the year		105,457	23,756
		Earnings per share	13		
		Including discontinuing operations:			
33.47	3008	Basic		70.3 cents	15.8 cents
33.47	3008	Diluted		55.4 cents	N/A
		Excluding discontinuing operations:			
33.51	3010	Basic		63.2 cents	13.1 cents
33.51	3010	Diluted		49.9 cents	N/A

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

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
1(r1997).7(b) 1(r1997).46(b), (c)	2001,2018 2019(b),(c)	CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001			[Alt 2]
1(r1997).92 1(r1997).46(d), (e)	8003 2019(d),(e)		NOTES	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
1(r1997).75(a)	3002(a)	Revenue	4	1,224,098	869,453
1(r1997).77	3006	Cost of sales		(797,027)	(661,851)
		Gross profit		427,071	207,602
1(r1997).77	3006	Other operating income		10,150	6,745
1(r1997).77	3006	Distribution costs		(108,298)	(52,688)
1(r1997).77	3006	Administrative expenses		(149,065)	(84,373)
1(r1997).77	3006	Other operating expenses		(23,400)	(17,724)
8(r1993).16	8055	Restructuring costs	6	(18,300)	-
1(r1997).75(b)	3002(b)	Profit from operations	7	138,158	59,562
1(r1997).75(c)	3002(c)	Finance costs	8	(36,680)	(32,995)
28(r2000).28	3005	Income from associates		12,763	983
1(r1997).75	3003	Income from investments	9	2,938	673
35.39	3004	Profit on disposal of discontinuing operations	10	8,493	-
		Profit before tax		125,672	28,223
12(r2000).77	3002(e)	Income tax expense	11	(19,606)	(4,370)
		Profit after tax		106,066	23,853
1(r1997).75(h)	3002(h)	Minority interest		(609)	(97)
1(r1997).75(i)	3002(i)	Net profit for the year		105,457	23,756
		Earnings per share	13		
		Including discontinuing operations:			
33.47	3008	Basic		70.3 cents	15.8 cents
33.47	3008	Diluted		55.4 cents	N/A
		Excluding discontinuing operations:			
33.51	3010	Basic		63.2 cents	13.1 cents
33.51	3010	Diluted		49.9 cents	N/A

Note: The format outlined above aggregates expenses according to their function.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
1(r1997).7(a) 1(r1997).46(b),(c)	2001,2018 2019(b),(c)	CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2001			
1(r1997).92 1(r1997).46(d),(e)	8003 2019(d),(e)		NOTES	2001 CU'000	2000 CU'000
		ASSETS			
1(r1997).53	4006	**Non-current assets**			
1(r1997).66(a)	4001(a)	Property, plant and equipment	14	659,603	566,842
1(r1997).67	4002	Investment property	15	12,000	11,409
1(r1997).67	4002	Goodwill	16	1,205	2,538
1(r1997).67	4002	Negative goodwill	17	(773)	(2,455)
1(r1997).66(b)	4001(b)	Intangible assets	18	26,985	21,294
28(r2000).28	4004	Investments in associates	20	45,060	12,274
1(r1997).66(c)	4001(c)	Investments in securities	22	23,373	20,000
1(r1997).67	4002	Finance lease receivables	24	114,937	104,489
12(r2000).69,70	8125	Deferred tax assets	35	2,661	3,400
				885,051	739,791
1(r1997).53	4006	**Current assets**			
1(r1997).66(e)	4001(e)	Inventories	23	118,065	108,698
1(r1997).67	4002	Finance lease receivables	24	54,713	49,674
1(r1997).66(f)	4001(f)	Trade and other receivables	25	134,194	129,950
1(r1997).66(c)	4001(c)	Investments in securities	22	37,243	29,730
1(r1997).66(g)	4001(g)	Bank balances and cash	25	5,609	1,175
				349,824	319,227
		Total assets		1,234,875	1,059,018

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED	NOTES	2001 CU'000	2000 CU'000
		CONSOLIDATED BALANCE SHEET At 31 DECEMBER 2001 - continued			
		EQUITY AND LIABILITIES			
1(r1997).66(m)	4001(m)	**Capital and reserves**			
		Share capital	27	120,000	120,000
		Capital reserves	28	32,934	32,098
		Revaluation reserves	29	95,241	29,159
		Hedging and translation reserves	30	(11,708)	338
		Accumulated profits	31	259,740	159,493
				496,207	341,088
1(r1997).66(l), 27.26	4001(l), 4005	**Minority interest**		3,185	2,576
1(r1997).53	4006	**Non-current liabilities**			
1(r1997).66(k)	4001(k)	Bank loans – due after one year	32	388,729	474,902
1(R1997).67	4002	Convertible loan notes	33	24,327	-
1(r1997).67	4002	Retirement benefit obligation	46	30,196	34,001
12(r2000).69,70	8125	Deferred tax liabilities	35	15,447	6,372
1(r1997).67	4002	Obligations under finance leases - due after one year	36	923	1,244
				459,622	516,519
1(r1997).53	4006	**Current liabilities**			
1(r1997).66(h)	4001(h)	Trade and other payables	37	141,949	86,291
1(r1997).67	4002	Retirement benefit obligation	46	3,732	4,473
12(r2000).69	8125	Tax liabilities		8,229	1,986
1(r1997).67	4002	Obligations under finance leases – due within one year	36	1,470	1,483
1(r1997).66(k)	4001(k)	Bank overdrafts and loans – due within one year	32	111,931	102,537
1(r1997).66(j)	4001(j)	Provisions	38	8,550	2,065
				275,861	198,835
		Total equity and liabilities		1,234,875	1,059,018

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED		
1(r1997).7(c)(ii) 1(r1997).46(b), (c)	2001,2018 2019(b),(c)	CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2001		[Alt 1]
1(r1997).46(d), (e)	2019(d),(e)		Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
1(r1997).86(b)	5001(b)	Revaluation increase/(decrease) on land and buildings 64,709	(4,049)	
1(r1997).86(b)	5001(b)	Deferred tax liability arising on revaluation of land and buildings	(3,699)	-
1(r1997).86(b)	5001(b)	Increase in fair value of hedging derivatives	1,723	-
1(r1997).86(b)	5001(b)	Increase in fair value of available-for-sale investments 251	-	
1(r1997).86(b)	5001(b)	Exchange differences arising on translation of overseas operations	(13,446)	2,706
1(r1997).86(b)	5001(b)	Net gains/(losses) not recognised in the income statement	49,538	(1,343)
1(r1997).86(a)	5001(a)	Net profit for the year	105,457	23,756
		Total recognised gains and losses	154,995	22,413
1(r1997).86(c)	5001(c)	Prior period adjustments (see note 2)		
		(Decrease)/increase in accumulated profits	(170)	253
		Decrease in investment property revaluation reserve -	(253)	
		Increase in investments revaluation reserve	5,432	-
		Increase in hedging reserve	890	-
			6,152	-

Note: IAS 1(r1997) 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 gains and losses 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 accumulated profits is required to be provided in the explanatory notes (see notes 27 to 31). An alternative method of presenting changes in equity is illustrated on the next page.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED
1(r1997).7(c)(i) 1(r1997).46(b), (c)	2001,2018 2019(b),(c)	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2001 [Alt 2]

Source	Checklist		Share capital	Capital reserves	Revaluation reserves	Hedging and translation reserves	Accumulated profits	Total
1(r1997).74(b) 1(r1997).46(d),(e) 1(1997).86(e),(f) 16(r1998).64(f)	8118 2019(d),(e) 5002(b),(c) 5003(c)		CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
		Balance at 1 January 2000						
		- as originally stated	120,000	32,098	33,461	(2,368)	143,524	326,715
1(r1997).86(c)	5001(c)	- prior period adjustments (note 2)	-	-	(253)	-	253	-
		- as restated	120,000	32,098	33,208	(2,368)	143,777	326,715
16(r1998).64(f)	5003(c)	Revaluation decrease on land and buildings	-	-	(4,049)	-	-	(4,049)
21(r1993).42(b)	5003(f)	Exchange differences arising on translation of overseas operations	-	-	-	2,706	-	2,706
1(r1997).86(b)	5001(b)	Net gains/(losses) not recognised in the income statement	-	-	(4,049)	2,706	-	(1,343)
1(r1997).86(a)	5001(a)	Net profit for the year	-	-	-	-	23,756	23,756
1(r1997).86(d)	5002(a)	Dividends	-	-	-	-	(8,040)	(8,040)
		Balance at 1 January 2001	120,000	32,098	29,159	338	159,493	341,088
1(r1997).86(c)	5001(c)	- prior period adjustments (note 2)	-	-	5,432	890	(170)	6,152
		- as restated	120,000	32,098	34,591	1,228	159,323	347,240
16(r1998).64(f)	5003(c)	Revaluation increase on land and buildings	-	-	64,709	-	-	64,709
12(r2000).81(a)	5003(b)	Deferred tax liability arising on revaluation of land and buildings	-	-	(3,699)	-	-	(3,699)
39(r2000).169(c)	8148(a)	Increase in fair value of hedging derivatives	-	-	-	1,723	-	1,723
39(r2000).169(c)	8148(b)	Transferred to income	-	-	-	(995)	-	(995)
39(r2000).169(c)	8148(c)	Transferred to inventories	-	-	-	(218)	-	(218)
39(r2000).170(a)	5003(e)	Increase in fair value of available-for-sale investments	-	-	251	-	-	251
21(r1993).42(b)	5003(f)	Exchange differences arising on translation of overseas operations	-	-	-	(13,446)	-	(13,446)
1(r1997).86(b)	5001(b)	Net gains/(losses) not recognised in the income statement	-	-	61,261	(12,936)	-	48,325
1(r1997).86(f)	5002(c)	Equity component of convertible loan notes	-	836	-	-	-	836
39(r2000).170(a)	5003(e)	Released on disposal of available-for-sale investments	-	-	(611)	-	-	(611)
1(r1997).86(a)	5001(a)	Net profit for the year	-	-	-	-	105,457	105,457
1(r1997).86(d)	5002(a)	Dividends	-	-	-	-	(5,040)	(5,040)
		Balance at 31 December 2001	120,000	32,934	95,241	(11,708)	259,740	496,207

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, IAS 1 (r1997) 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 (see notes 27 to 31).

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
1(r1997).7(d) 1(r1997).46(b), (c)	2001,2018 2019(b),(c)	CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001			[Alt 1]
1(r1997).92	8003		NOTES	Year ended 31/12/01	Year ended 31/12/00
1(r1997).46(d), (e)	2019(d),(e)			CU'000	CU'000
7(r1992).10 7(r1992).18(a)	6002 6003(a)	OPERATING ACTIVITIES			
		Cash receipts from customers		1,229,374	835,187
		Cash paid to suppliers and employees		(1,042,076)	(816,963)
		Cash generated by operations		187,298	18,224
7(r1992).35	6008	Income taxes paid		(7,407)	(2,129)
7(r1992).31	6006	Interest paid		(42,209)	(32,995)
		NET CASH FROM/(USED IN) OPERATING ACTIVITIES		137,682	(16,900)
7(r1992).10	6002	INVESTING ACTIVITIES			
7(r1992).31	6006	Interest received		1,202	368
7(r1992).31	6006	Dividends received from associate		11,777	2,725
7(r1992).31	6006	Dividends received from trading investments		2,299	349
		Proceeds on disposal of trading investments		25,230	-
		Proceeds on disposal of available-for-sale investments		2,416	-
7(r1992).39	6010	Disposal of subsidiary	40	6,517	-
		Proceeds on disposal of property, plant and equipment		4,983	4,500
		Purchases of property, plant and equipment		(58,675)	(28,198)
		Acquisition of investment in an associate		(31,800)	-
		Purchases of trading investments		(34,023)	(15,328)
		Purchases of patents and trademarks		(3,835)	(18,617)
		Expenditure on product development		(3,600)	-
7(r1992).39	6010	Acquisition of subsidiary	41	(3,670)	-
		NET CASH USED IN INVESTING ACTIVITIES		(81,179)	(54,201)

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
		CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001 - continued			[Alt 1]
			NOTES	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
7(r1992).10	6002	FINANCING ACTIVITIES			
7(r1992).31	6006	Dividends paid		(5,040)	(8,040)
		Repayments of borrowings		(86,777)	-
		Repayments of obligations under finance leases		(1,897)	-
		Proceeds on issue of convertible loan notes		25,000	-
		New bank loans raised		-	72,265
		Increase in bank overdrafts		16,396	5,482
		NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(52,318)	69,707
		NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,185	(1,394)
		CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,175	1,907
		Effect of foreign exchange rate changes		249	662
		CASH AND CASH EQUIVALENTS AT END OF YEAR			
7(r1992).45	6014	Bank balances and cash		5,609	1,175

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

Source | Checklist | INTERNATIONAL GAAP HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued [Alt 1]

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
1(r1997).7(d) 1(r1997).46(b),(c)	2001,2018 2019(b),(c)	CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001			[Alt 2]
1(r1997).92	8003		NOTES	Year ended 31/12/01	Year ended 31/12/00
1(r1997).46(d),(e)	2019(d),(e)			CU'000	CU'000
7(r1992).10	6002	OPERATING ACTIVITIES			
7(r1992).18(b)	6003(b)	Cash generated by operations	39	187,298	18,224
7(r1992).35	6008	Income taxes paid		(7,407)	(2,129)
7(r1992).31	6006	Interest paid		(42,209)	(32,995)
		NET CASH FROM (USED IN) OPERATING ACTIVITIES		137,682	(16,900)
7(r1992).10	6002	INVESTING ACTIVITIES			
7(r1992).31	6006	Interest received		1,202	368
7(r1992).31	6006	Dividends received from associates		11,777	2,725
7(r1992).31	6006	Dividends received from trading investments		2,299	349
		Proceeds on disposal of trading investments		25,230	-
		Proceeds on disposal of available-for-sale investments		2,416	-
7(r1992).39	6010	Disposal of subsidiary	40	6,517	-
		Proceeds on disposal of property, plant and equipment		4,983	4,500
		Purchases of property, plant and equipment		(58,675)	(28,198)
		Acquisition of investment in an associate		(31,800)	-
		Purchases of trading investments		(34,023)	(15,328)
		Purchases of patents and trademarks		(3,835)	(18,617)
		Expenditure on product development		(3,600)	-
7(r1992).39	6010	Acquisition of subsidiary	41	(3,670)	-
		NET CASH USED IN INVESTING ACTIVITIES		(81,179)	(54,201)

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED			
		CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001 - continued			[Alt 2]
			NOTES	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
7(r1992).10	6002	FINANCING ACTIVITIES			
7(r1992).31	6006	Dividends paid		(5,040)	(8,040)
		Repayments of borrowings		(86,777)	-
		Repayments of obligations under finance leases		(1,897)	-
		Proceeds on issue of convertible loan notes		25,000	-
		New bank loans raised		-	72,265
		Increase in bank overdrafts		16,396	5,482
		NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(52,318)	69,707
		NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,185	(1,394)
		CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,175	1,907
		Effect of foreign exchange rate changes		249	662
7(r1992).45	6014	CASH AND CASH EQUIVALENTS AT END OF YEAR			
		Bank balances and cash		5,609	1,175

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

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001
		1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS
1(r1997).11	2003	The financial statements have been prepared in accordance with International Accounting Standards (IAS).
21(r1993).43 SIC19.10(c)	8004	These financial statements are presented in Currency Units (CU) since that is the currency in which the majority of the Group's transactions are denominated.
		2. ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS
8(r1993).53	7004	In the current year, the Group has adopted the following International Accounting Standards for the first time:

IAS 39 Financial Instruments: Recognition and Measurement

IAS 40 Investment Property

Revisions to a number of other IAS also took effect in 2001. Those revisions concerned matters of detailed application which have no significant effect on amounts reported for the current or prior accounting periods.

IAS 39 has introduced a comprehensive framework for accounting for all financial instruments. The Group's detailed accounting policies in respect of such instruments are set out below. The principal effects of the adoption of IAS 39 have been that all of the Group's investments in securities are now carried at fair value, and that derivative financial instruments have been brought on-balance sheet. The effects of the remeasurement of investments to fair value and bringing the derivative financial instruments on-balance sheet at fair value have been recognised with effect from 1 January 2001. The effects can be summarised as follows:

	Accumulated profits CU'000	Investments revaluation reserve CU'000	Hedging reserve CU'000
Excess of fair value of available-for-sale investments over cost	-	5,432	-
Net fair value of derivatives designated as hedging instruments	-	-	890
Net fair value of derivatives not designated as hedging instruments	(170)	-	-
Adjustment at 1 January 2001	(170)	5,432	890

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

These changes in policy have resulted in a decrease in profits reported in 2001 of CU0.1 million, an increase in the investments revaluation reserve for the year of CU0.25 million and an increase in the hedging reserve for the year of CU0.51 million.

The hedge accounting policies that the Group has followed in prior years are appropriate under IAS 39.

Under IAS 40, the Group's investment property continues to be accounted for at fair value. However, following the adoption of IAS 40, gains and losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise, rather than in equity. This change in policy has been applied retrospectively. The effect of this change in policy has been to increase accumulated profits and decrease the investment property revaluation reserve at 1 January 2000 by CU0.25 million. The profit for the year ended 31 December 2000 has been decreased by CU0.05 million and for the year ended 31 December 2001, increased by CU0.59 million.

1(r1997).91(a) 7001
1(r1997).97 7002

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis, except for the revaluation of land and buildings and certain financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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

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

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

28(r2000).27(b) 7003(b)

Investments in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

Source | Checklist | INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognise any impairment in the value of individual investments.

Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

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.

Where a group company 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 company 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.

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

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, except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis following an assessment of its useful life.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet.

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

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of an associate is deducted from the carrying value of that associate. Negative goodwill arising on the acquisition of subsidiaries or jointly controlled entities is presented separately in the balance sheet as a deduction from assets.

18(r1993).35(a) 7003(f)

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

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

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

11(r1993).39 (b), (c) 7003(g)

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. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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.

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

Leasing

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.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

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.

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Foreign currencies

Transactions in currencies other than Currency Units are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

The financial statements of foreign subsidiaries and associates that report in the currency of a hyperinflationary economy are restated in terms of the measuring unit current at the balance sheet date before they are translated into Currency Units.

21(r1993).45 | 7003(e) | Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

23(r1993).29(a) | 7003(h)

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 cost of those assets.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

20.39(a) | 7003(i)

Government grants

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

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 are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

19(r2000).120 (a) | 7003(j)

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 which exceed 10 per cent of the greater of the present value of the Group's pension obligations 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 amended benefits become vested.

The amount 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.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

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

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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset 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.

16(r1998).60 (a), (b),(c) | 7003(l) | **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 on the basis of their existing use 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 for that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated profits.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any identified 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.

Fixtures and equipment are stated at cost less accumulated depreciation.

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:

Buildings	4%
Fixtures and equipment	10% - 30%

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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

38.107 7003(n) **Internally-generated intangible assets - research and development expenditure**

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

An internally-generated intangible asset arising from the Group's e-business development 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 benefits; and
- the development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally-generated intangible assets are amortised on a straight-line basis over their useful lives, which is usually no more than 5 years.

38.107 7003(n) **Patents and trademarks**

Patents and trademarks are measured initially at purchase cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

Impairment

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.

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. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount , in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2(r1993).34(a) 7003(o) **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 to completion and costs to be incurred in marketing, selling and distribution.

32(r1998).47(b) 7003(p) **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

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, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

39(r2000).167(b) 7003(p) Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses 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 net profit or loss for the period.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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 to convert the liability into equity of the Group, is included in capital reserves (equity).

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

Trade payables

Trade payables are stated at their nominal value.

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

Derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in equity. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

4. REVENUE

18(r1993).35(b) 8028(a) An analysis of the Group's revenue is as follows:

Source	Checklist		Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
		Continuing operations:		
		Sales of electronic goods	743,127	504,633
11(r1993).39(a)	8029	Revenue from construction contracts	304,073	209,562
		Equipment leasing income	16,858	13,492
40.66(d)(i)	8041(a)	Property rental income	602	563
			1,064,660	728,250
		Discontinuing operations:		
		Sales of toys	159,438	141,203
			1,224,098	869,453

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
		Note: The following analysis by business and geographical segment is required by IAS 14 (r1997) ***Segment Reporting*** *to be presented by enterprises 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 enterprise whose securities are not publicly traded chooses to disclose segment information voluntarily in financial statements that comply with IAS, that enterprise should comply fully with the requirements of IAS 14 (r1997).*
14(r1997).81	8024(a)	**Business segments**
1(r1997).102(b)	8001(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.
		In prior years, the Group was also involved in the manufacture and sale of toys. That operation was discontinued from 30 November 2001 (see note 10).

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

Segment information about these businesses is presented below.

Source	Checklist	2001	Electronic goods	Construction	Leasing	Toys	Eliminations	Consolidated
			Year ended 31/12/01 CU'000	Year ended 31/12/01 CU'000	Year ended 31/12/01 CU'000	Year ended 31/12/01 CU'000	Year ended 31/12/01 CU'000	Year ended 31/12/01 CU'000
14(r1997).51	8013(a)	**REVENUE**						
		External sales	743,127	304,073	17,460	159,438	-	1,224,098
		Inter-segment sales	10,020	-	-	-	(10,020)	-
14(r1997).67	8015(a)	Total revenue	753,147	304,073	17,460	159,438	(10,020)	1,224,098
14(r1997).75	8021(b)	Inter-segment sales are charged at prevailing market rates.						
		RESULT						
14(r1997).52	8013(b)	Segment result	95,292	34,879	16,699	4,493	(3,005)	148,358
		Unallocated corporate expenses						(10,200)
14(r1997).67	8015(b)	Profit from operations						138,158
		Finance costs						(36,680)
14(r1997).64	8013(h)	Income from associates	10,392	2,371				12,763
		Income from investments						2,938
		Profit on disposal of discontinuing operations						8,493
		Profit before tax						125,672
		Income tax expense						(19,606)
14(r1997).67	8015(b)	Profit after tax						106,066

Source	Checklist	OTHER INFORMATION	Electronic goods CU'000	Construction CU'000	Leasing CU'000	Toys CU' 000	Other CU'000	Consolidated CU'000
14(r1997).57	8013(e)	Capital additions	64,748	-	1,525	-	2,781	69,054
14(r1997).58	8013(f)	Depreciation and amortisation	21,603	6,120	192	1,420	3,259	32,594
36.116	8014	Impairment losses recognised in income	-	-	-	4,130	-	4,130

Source	Checklist	BALANCE SHEET	31/12/01 CU'000	31/12/01 CU'000	31/12/01 CU'000	31/12/01 CU'000	31/12/01 CU'000
		ASSETS					
14(r1997).55	8013(c)	Segment assets	673,160	149,890	208,798	-	1,031,848
14(r1996).66	8013(i)	Investments in associates	33,071	11,989	-	-	45,060
		Unallocated corporate assets					157,967
14(r1997).67	8015(c)	Consolidated total assets					1,234,875
		LIABILITIES					
14(r1997).56	8013(d)	Segment liabilities	397,330	90,467	153,178	6,058	647,033
		Unallocated corporate liabilities					88,450
14(r1997).67	8015(d)	Consolidated total liabilities					735,483

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

Source	Checklist	**2000**	Electronic goods	Construction	Leasing	Toys	Eliminations	Consolidated
			Year ended 31/12/00 CU'000	Year ended 31/12/00 CU'000	Year ended 31/12/00 CU'000	Year ended 31/12/00 CU'000	Year ended 31/12/00 CU'000	Year ended 31/12/00 CU'000
14(r1997).51	8013(a)	**REVENUE**						
		External sales	504,633	209,562	14,055	141,203	-	869,453
		Inter-segment sales	9,370	-	-	-	(9,370)	-
14(r1997).67	8015(a)	Total revenue	514,003	209,562	14,055	141,203	(9,370)	869,453
14(r1997).75	8021(b)	Inter-segment sales are charged at prevailing market rates.						
		RESULT						
14(r1997).52	8013(b)	Segment result	33,993	15,930	9,929	5,390	(1,902)	63,340
		Unallocated corporate expenses						(3,778)
14(r1997).67	8015(b)	Profit from operations						59,562
		Finance costs						(32,995)
14(r1997).64	8013(h)	Income from associates		983				983
		Income from investments						673
		Profit before tax						28,223
		Income tax expense						(4,370)
14(r1997).67	8015(b)	Profit after tax						23,853

Source	Checklist	**OTHER INFORMATION**	Electronic goods	Construction	Leasing	Toys	Other	Consolidated
			CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
14(r1997).57	8013(e)							
14(r1997).58	8013(f)	Capital additions	39,856	-	2,277	-	4,682	46,815
		Depreciation and amortisation	10,122	4,944	158	2,897	2,014	20,135

Source	Checklist	**BALANCE SHEET**	31/12/00 CU'000	31/12/00 CU'000	31/12/00 CU'000	31/12/00 CU'000		31/12/00 CU'000
14(r1997).55	8013(c)							
14(r1997).66	8013(i)	ASSETS						
		Segment assets	572,546	105,002	189,021	36,062		902,631
		Investments in associates	-	12,274	-	-		12,274
		Unallocated corporate assets						144,113
14(r1997).67	8015(c)	Consolidated total assets						1,059,018
14(r1997).56	8013(d)	LIABILITIES						
		Segment liabilities	425,931	38,114	145,519	12,300		621,864
		Unallocated corporate liabilities						93,490
14(r1997).67	8015(d)	Consolidated total liabilities						715,354

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

The average number of employees for the year for each of the Group's principal divisions was as follows:

			Year ended 31/12/01	Year ended 31/12/00
		Electronic goods	2,182	2,483
		Construction	619	473
		Leasing	76	68
		Toys	345	430
		Head office and administration	278	248
1(r1997).102(d)	8001(d)		3,500	3,702

Geographical segments

14(r1997).81 8024(b) The Group's operations are located in A Land, B Land, C Land and D Land. The Group's construction and leasing divisions are located in A Land. Manufacturing of electronic goods is carried out in B Land, C Land D Land. As discussed in note 19, the financial statements of the Group's subsidiary in C Land have not been consolidated due to restrictions on the Group's ability to exercise control.

14(r1997).69(a) 8016(a) The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	Year ended 31/12/01	Year ended 31/12/00
	CU'000	CU'000
P Land	822,699	584,347
A Land	171,486	121,803
B Land	52,701	37,432
Q Land	137,892	97,942
Other	39,320	27,929
	1,224,098	869,453

35.27(b) 8030(b) Revenue from the Group's discontinuing operations was derived principally from P Land (2001: CU81.4 million, 2000: CU103.3 million) and A Land (2001: CU75.5 million, 2000: CU35.8 million).

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

14(1997).69(b), (c) — 8016(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:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
			Year ended	Year ended
	31/12/01	31/12/00	31/12/01	31/12/00
	CU'000	CU'000	CU'000	CU'000
A Land	521,709	436,508	33,402	21,399
B Land	363,310	415,654	16,398	17,502
D Land	349,856	206,856	19,254	7,914
	1,234,875	1,059,018	69,054	46,815

8(r1993).16 — 8055

6. RESTRUCTURING COSTS

In November 2001, the Group disposed of Subsix Limited (see note 10). Certain of the non-core assets of the toy division were retained by the Group. In addition, the shipping and distribution operations of the toy division were segregated from the manufacturing operations and retained by the Group. The assets retained were scrapped, and an impairment loss recognised in the amount of their previous carrying amount. To the extent that workers in the shipping and distribution operations could not be redeployed, termination terms were agreed.

Source	Checklist		Year ended 31/12/01 CU'000
		Loss on impairment of assets	4,130
36.113(a)	8109(a)	Redundancy costs	14,170
			18,300

In addition, redundancy costs of CU1.42 million (2000: CU1.95 million) were incurred following the acquisition of Sub A Limited. This charge was offset by the release of negative goodwill of the same amount (see note 17).

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

7. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

Source	Checklist		Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
21(r1993).42(a)	8043(a)	Net foreign exchange losses/(gains)	1,278	(731)
38.115	8042	Research and development costs	4,800	6,560
20.39(b)	8185(a)	Government grants towards training costs	(398)	(473)
		Amortisation		
22(r1998).88(d)	7003(c)	- goodwill (included in [depreciation and amortisation expense/other operating expenses])	463	247
38.107(d)	7003(n)	- intangible assets (included in [depreciation and amortisation expense/ other operating expenses])	2,614	846
			3,077	1,093
22(r1998).91(c)	7003(d)	Release of negative goodwill to income		
		- included in other operating income	(258)	(257)
		- offset against restructuring costs	(1,424)	(1,953)
			(1,682)	(2,210)

1(r1997).83 | 3007

Total staff costs incurred during the period amounted to CU247.9 million (2000: CU223.5 million) and total depreciation amounted to CU29.5 million (2000: CU19 million).

Note: Separate disclosure of staff costs and depreciation is required where the expenses presented in the income statement are analysed by function (see Income Statement - Alt 2)

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

8. FINANCE COSTS

Source	Checklist		Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
		Interest on bank overdrafts and loans	40,923	32,762
		Interest on convertible loan notes (note 33)	1,260	-
		Interest on obligations under finance leases	348	233
		Total borrowing costs	42,531	32,995
23(r1993).29(b)	8046(a)	Less: amounts included in the cost of qualifying assets	(5,571)	-
			36,960	32,995
39(r2000).170(c)	8152	Loss arising on derivatives trading	100	-
		Fair value gains on interest rate swaps transferred from equity	(380)	-
			36,680	32,995

23(r1993).29(c) | 8046(b) | Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7 per cent to expenditure on such assets.

18(r1993).35(b) 8028(a)
39(r2000).170(c) 8152

9. INCOME FROM INVESTMENTS

	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
Interest on bank deposits	1,202	368
Dividends from trading investments	2,299	349
Loss on disposal of trading investments	(892)	-
Unrealised loss on trading investments	(388)	(44)
Profit on disposal of available-for-sale investments	717	-
	2,938	673

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

10. DISCONTINUING OPERATIONS

35.27(c) 8030(c)
35.27(a),(b) 8030(a),(b)
35.27(d) 8030(d)

On 14 May 2001, the Group entered into a sale agreement to dispose of Subsix Limited, which carried out all of the Group's toy manufacturing operations. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses. The disposal was completed on 30 November 2001, on which date control of Subsix Limited passed to the acquirer.

35.27(f) 8030(f)
35.45 8040

The results of the toy manufacturing operations for the period from 1 January 2001 to 30 November 2001, which have been included in the consolidated financial statements, were as follows:

	Period ended 30/11/01 CU'000	Year ended 31/12/00 CU'000
Revenue	159,438	141,203
Operating costs	(136,645)	(135,813)
Restructuring costs	(18,300)	-
Finance costs	(493)	(830)
Profit before tax	4,000	4,560
Income tax expense	(1,817)	(389)
Profit from ordinary activities after tax	2,183	4,171

Details of the restructuring costs arising following the disposal of Subsix Limited are set out in note 6.

35.27(g) 8030(g)
35.45 8040

During the year, Subsix Limited contributed CU4.8 million (2000: CU4.25 million) to the Group's net operating cash flows, paid CU1.37 million (2000: CU2.89 million) in respect of investing activities and paid CU0.9 million (2000: CU3.71 million) in respect of financing activities.

The carrying amounts of the assets and liabilities of Subsix Limited at the date of disposal are disclosed in note 40.

35.31(a) 8032(a)

A profit of CU8.5 million arose on the disposal of Subsix Limited, being the proceeds of disposal less the carrying amount of the subsidiary's net assets and attributable goodwill (see note 40). No tax charge or credit arose from the transaction.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

11. INCOME TAX EXPENSE

Source	Checklist		Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
12(r2000).79	8048	Current tax:		
		Domestic	5,408	1,994
		Foreign	7,972	1,426
			13,380	3,420
		Deferred tax (note 35):		
		Current year	6,046	838
		Attributable to a reduction in the rate of domestic income tax	(90)	-
			5,956	838
		Taxation attributable to the Company and its subsidiaries	19,336	4,258
		Share of taxation attributable to associates	270	112
			19,606	4,370

12(r2000).81(d) — 8050(a)

Domestic income tax is calculated at 16 per cent (2000: 16.5 per cent) of the estimated assessable profit for the year. The rate of tax has been amended with effect from the 2001/02 year of assessment.

Taxation for other jurisdications is calculated at the rates prevailing in the respective jurisdictions.

12(r2000).81(h) — 8050(b)(ii)

Of the charge to domestic income tax, approximately CU1.8 million (2000: CU0.4 million) related to profits arising in the toy division, which was disposed of during the year. No tax charge or credit arose on the disposal of the relevant subsidiary.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

12(r2000).81(c) 8049

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 31/12/01 CU'000	%	Year ended 31/12/00 CU'000	%
Profit before tax	125,672		28,223	
Tax at the domestic income tax rate of 16% (2000: 16.5%)	20,108	16.0	4,657	16.5
Tax effect of expenses that are not deductible in determining taxable profit	301	0.2	23	0.1
Tax effect of utilisation of tax losses not previously recognised	(1,185)	(0.9)	(392)	(1.4)
Decrease in opening deferred tax liability resulting from a reduction in tax rates	(90)	(0.1)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	472	0.4	82	0.3
Tax expense and effective tax rate for the year	19,606	15.6	4,370	15.5

12(r2000).81(a) 5003(b)

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's properties amounting to CU3.7 million and to the equity component of convertible bonds issued amounting to CU0.16 million has been charged directly to equity (see note 35).

12. DIVIDENDS

1(r1997).85 8056

On 23 May 2001, a dividend of 4.2 cents (2000: 6.7 cents) per share was paid to shareholders.

1(r1997).74(c) 8057

In respect of the current year, the directors propose that a dividend of 9.8 cents per share will be paid to shareholders on 25 May 2002. 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 for 2001 is payable to all shareholders on the Register of Members on 21 April 2002. The total estimated dividend to be paid is CU14.7 million.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

13. EARNINGS PER SHARE

Note: IAS 33 ***Earnings Per Share*** *requires that Earnings Per Share (EPS) information be presented by enterprises whose ordinary shares or potential ordinary shares are publicly traded and by enterprises that are in the process of issuing ordinary shares or potential ordinary shares in public securities markets. If other enterprises choose to disclose EPS information in financial statements that comply with IAS, they should comply fully with the requirements of IAS 33.*

Including discontinuing operations

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

33.49(a) 3009(a) ***Earnings***

	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
Earnings for the purposes of basic earnings per share (net profit for the year)	105,457	23,756
Effect of dilutive potential ordinary shares: Interest on convertible loan notes (net of tax)	1,058	
Earnings for the purposes of diluted earnings per share	106,515	

33.49(b) 3009(b) ***Number of shares***

	Year ended 31/12/01 '000	Year ended 31/12/00 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	150,000	150,000
Effect of dilutive potential ordinary shares: Convertible loan notes	42,188	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	192,188	

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

33.43 3011(c) The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the capitalisation issue in February 2002 (see note 27).

Excluding discontinuing operations

The additional basic and diluted earnings per share present earnings data after elimination of the effects of operations discontinued in the period.

33.51 3010 Earnings figures are calculated as follows:

	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
Net profit for the year	105,457	23,756
Adjustments for:		
Profit after tax from discontinuing operations	(2,183)	(4,171)
Profit on disposal of discontinuing operations	(8,493)	-
Earnings for the purposes of basic earnings per share excluding discontinuing operations	94,781	19,585
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	1,058	
Earnings for the purposes of diluted earnings per share excluding discontinuing operations	95,839	

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

14. PROPERTY, PLANT AND EQUIPMENT

Source	Checklist		Land and buildings CU'000	Properties under construction CU'000	Fixtures and equipment CU'000	Total CU'000
16(r1998).60(d),(e)	8061(b),(c)	COST OR VALUATION				
		At 1 January 2001	442,099	77,700	103,870	623,669
16(r1998).61(c)	8062(b)	Additions	-	17,260	44,359	61,619
		Acquired on acquisition of a subsidiary	-	-	8,907	8,907
		Exchange differences	2,103	-	972	3,075
		Disposed of on disposal of a subsidiary	-	-	(22,402)	(22,402)
		Disposals	-	-	(6,413)	(6,413)
		Revaluation increase	41,586	-	-	41,586
		At 31 December 2001	485,788	94,960	129,293	710,041
16(r1998).60(a)	8061(a)	Comprising:				
		At cost	-	94,960	129,293	224,253
		At valuation 2001	485,788	-	-	485,788
			485,788	94,960	129,293	710,041
		ACCUMULATED DEPRECIATION				
		At 1 January 2001	9,900	-	46,927	56,827
		Charge for the year	13,172	-	16,345	29,517
36.113	8109	Impairment loss	-	-	4,130	4,130
		Exchange differences	51	-	927	978
		Eliminated on disposals	-	-	(5,614)	(5,614)
		Eliminated on disposal of a subsidiary	-	-	(12,277)	(12,277)
		Eliminated on revaluation	(23,123)	-	-	(23,123)
		At 31 December 2001	-	-	50,438	50,438
		CARRYING AMOUNT				
		At 31 December 2001	485,788	94,960	78,855	659,603
		At 31 December 2000	432,199	77,700	56,943	566,842

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
		The impairment loss on fixtures and equipment arose in connection with the restructuring following the disposal of Subsix Limited (see note 6).
17(r1997).23(a)	8131(a)	The carrying amount of the Group's fixtures and equipment includes an amount of CU2.55 million (2000: CU1.40 million) in respect of assets held under finance leases.
16(r1998).61(a)	8062(a)	The Group has pledged land and buildings having a carrying amount of approximately CU370 million (2000: CU320 million) to secure banking facilities granted to the Group.
16(r1998).64 (a), (b), (c)	8063(a), (b), (c)	Land and buildings were revalued at 31 December 2001 by Messrs. Lacey & King, Chartered Surveyors, on an open market existing use basis. Messrs. Lacey & King are not connected with the Group.
16(r1998).64(e)	8063(e)	At 31 December 2001, had the land and buildings of the Group been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately CU390 million (2000: CU410 million).
		15. INVESTMENT PROPERTY

Source	Checklist		2001 CU'000
40.67	8068	FAIR VALUE	
		At 1 January 2001	11,409
		Increase in fair value during the year	591
		At 31 December 2001	12,000

Source	Checklist	
40.66(b),(c)	8066	The fair value of the Group's investment property at 31 December 2001 has been arrived at on the basis of a valuation carried out at that date by Messrs R P Trent, Chartered Surveyors, on an open market value basis. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.
40.66(e)	8067	The Group has pledged all of its investment property to secure general banking facilities granted to the Group.
40.66(d)	8041	The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to CU0.6 million (2000: CU0.56 million). Direct operating expenses arising on the investment property in the period amounted to CU0.16 million (2000: CU0.23 million).

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

16. GOODWILL

Source	Checklist		2001 CU'000
22(r1998).88(e)	8074	COST	
		At 1 January 2001	8,624
		Exchange differences	194
		Arising on a acquisition of a subsidiary	2,043
		Eliminated on disposal of a subsidiary	(6,503)
		At 31 December 2001	4,358
		AMORTISATION	
		At 1 January 2001	6,086
		Exchange differences	149
		Eliminated on disposal of a subsidiary	(3,545)
		Charge for the year	463
		At 31 December 2001	3,153
		CARRYING AMOUNT	
		At 31 December 2001	1,205
		At 31 December 2000	2,538

Source	Checklist	
22(r1998).88(a)	7003(c)	Goodwill is amortised over its estimated useful life. The foreseeable life of the goodwill arising on past acquisitions ranges from 12 to 20 years.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

17. NEGATIVE GOODWILL

Source	Checklist		2001 CU'000
22(r1998).91(d)	8077	GROSS AMOUNT	
		At 1 January and 31 December 2001	4,665
		RELEASED TO INCOME	
		At 1 January 2001	2,210
		Released in the year	1,682
		At 31 December 2001	3,892
		CARRYING AMOUNT	
		At 31 December 2001	773
		At 31 December 2000	2,455

22(r1998).91(b) 7003(d)
22(r1998).91(a) 8076

The negative goodwill arose on the Group's acquisition of Sub A Limited in February 2000. At date of acquisition, CU3.37 million of the negative goodwill was identified as relating to anticipated redundancy costs, expected to be incurred during 2000 and 2001. In 2000, redundancy costs of CU1.95 million were incurred and an equivalent amount of the negative goodwill was released to income. In 2001, final settlements in respect of redundancies amounted to CU1.42 million, and the remaining balance of negative goodwill attributable to such expenses was released to income.

The remaining negative goodwill of CU1.3 million is released to income on a straight-line basis over a period of five years, the remaining weighted average useful life of the depreciable assets acquired.

Source	Checklist	

INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

18. INTANGIBLE ASSETS

38.107(c), (e) | 8078

	Development costs CU'000	Patents and trademarks CU'000	Total CU'000
COST			
At 1 January 2001	-	31,617	31,617
Additions	3,600	3,835	7,435
Acquired on acquisition of a subsidiary	-	870	870
At 31 December 2001	3,600	36,322	39,922
AMORTISATION			
At 1 January 2001	-	10,323	10,323
Charge for the year	360	2,254	2,614
At 31 December 2001	360	12,577	12,937
CARRYING AMOUNT			
At 31 December 2001	3,240	23,745	26,985
At 31 December 2000	-	21,294	21,294

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

19. SUBSIDIARIES

27.32(a) 8085

Details of the Company's subsidiaries at 31 December 2001 are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Subone Limited	A Land	100	100	Property investment and construction
Subtwo Limited	A Land	70	55	Equipment leasing
Subthree Limited	B Land	100	100	Manufacture of electronic equipment
Subfour Limited	C Land	70	70	Manufacture of electronic equipment
Subfive Limited	D Land	100	100	Manufacture of electronic equipment

27.32(b)(i) 8087(a)

The financial statements of Subfour Limited are not consolidated in the Group financial statements. As previously reported, the assets and liabilities of Subfour Limited were placed under court administration during 1998 pending investigation of allegations of misconduct by the minority shareholder and general manager. Consequently, the Group's ability to exercise control has been restricted. As the directors considered that the Group was unlikely to recover any of its investment, the resulting impairment loss was recognised in previous years.

Subsequent to the balance sheet date, the administration proceedings were completed and an application was made to wind-up Subfour Limited (see note 47).

20. INVESTMENTS IN ASSOCIATES

	2001 CU'000	2000 CU'000
Cost of investment	32,920	1,120
Share of post-acquisition profit, net of dividends received	12,140	11,154
	45,060	12,274

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
28(r2000).27(a)	8102(a)	Details of the Group's associates at 31 December 2001 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Aplus Limited	A Land	30%	30%	Manufacture of electronic equipment
Bplus Limited	D Land	45%	40%	Construction

21. JOINT VENTURES

31(r2000).47 — 8104

The Group had the following significant interests in joint ventures:

a) a 25 per cent share in the ownership of a property located in Central District, City A. The Group is entitled to a proportionate share of the rental income received and bears a proportionate share of the outgoings.

b) a 33.5 per cent equity shareholding with equivalent voting power, in JV Electronics Limited, a joint venture established in D Land.

31(r2000).47 — 8105

The following amounts are included in the Group’s financial statements as a result of the proportionate consolidation of JV Electronics Limited:

	2001 CU’000	2000 CU’000
Current assets	33,129	46,382
Long-term assets	15,302	38,577
Current liabilities	17,639	15,278
Long-term liabilities	29,214	24,730
Income	8,329	47,923
Expenses	51,702	46,378

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

22. INVESTMENTS IN SECURITIES

Available-for-sale investments

	2001 CU'000
At 1 January 2001	
- as originally stated (cost)	20,000
- prior period adjustment to reflect adoption of IAS 39 (r2000) (see note 2)	5,432
- as restated (fair value at 1 January 2001)	25,432
Disposed of in the year	(2,310)
Increase in fair value	251
Fair value at 31 December 2001	23,373

Trading investments

	2001 CU'000	2000 CU'000
Fair value at 31 December	37,243	29,730

32(r1998).47(a) 8140
32(r1998).77 8143

The investments in securities included above represent investments in listed equity securities which present the Group with opportunity for return through dividend income and trading gains. The fair values of these securities are based on quoted market prices.

2(r1993).34(b) 8113(a)

23. INVENTORIES

	2001 CU'000	2000 CU'000
Raw materials	84,425	80,504
Work-in-progress	2,578	1,893
Finished goods	31,062	26,301
	118,065	108,698

2(r1993).34(c) 8113(b)

Included above are raw materials of CU1.2 million (2000: CU0.8 million) and work in progress of CU0.3 million (2000: Nil) carried at net realisable value.

2(r1993).34(f) 8113(e)

Inventories with a carrying amount of CU26 million (2000: CU19.3 million) have been pledged as security for certain of the Group's bank overdrafts.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

24. FINANCE LEASE RECEIVABLES

Source	Checklist		Minimum lease payments 2001 CU'000	Minimum lease payments 2000 CU'000	Present value of minimum lease payments 2001 CU'000	Present value of minimum lease payments 2000 CU'000
17(r1997).39(a)	8106(a),(b)	Amounts receivable under finance leases:				
		Within one year	72,526	65,948	54,713	49,674
		In the second to fifth years inclusive	120,875	109,913	114,937	104,489
			193,401	175,861	169,650	154,163
17(r1997).39(b)	8106(c)	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
1(r1997).54	4014	Analysed as:				
		Non-current finance lease receivables (recoverable after 12 months)			114,937	104,489
		Current finance lease receivables (recoverable within 12 months)			54,713	49,674
					169,650	154,163

Source	Checklist	
17(r1997).39(f) 32(r1998).47(a)	8106(g) 8140	The Group enters into finance leasing arrangements for certain of its electronic equipment. The average term of finance leases entered into is 4 years.
17(r1997).39(c)	8106(d)	Unguaranteed residual values of assets leased under finance leases are estimated at CU0.37 million (2000: CU0.25 million).
32(r1998).56	8141	The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at 31 December 2001 was 11.9 per cent (2000: 12.5 per cent).
32(r1998).77	8143	The fair value of the Group's finance lease receivables at 31 December 2001 is estimated at CU182 million (2000: CU163 million).

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
		25. OTHER FINANCIAL ASSETS
32(r1998).47(a)	8140	**Trade and other receivables** comprise amounts receivable from the sale of goods of CU83 million (2000: CU112 million), amounts due from construction contract customers of CU25 million (2000: CU17 million), deferred consideration for the disposal of Subsix Limited of CU24 million (see note 40), and currency and interest rate derivatives with a fair value of CU1.4 million (see note 34).
		The average credit period taken on sales of goods is 35 days. An allowance has been made for estimated irrecoverable amounts from the sale of goods of CU3.24 million (2000: CU4.39 million). This allowance has been determined by reference to past default experience.
32(r1998).77	8143	The directors consider that the carrying amount of trade and other receivables approximates their fair value.
32(r1998).47(a) 32(r1998).77	8140 8143	**Bank balances and cash** comprise cash and short-term deposits held by the group treasury function. The carrying amount of these assets approximates their fair value.
32(r1998).66	8142	**Credit risk**
		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, estimated by the Group's management based on prior experience and the current economic environment.
		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 has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

26. CONSTRUCTION CONTRACTS

Source	Checklist		2001 CU'000	2000 CU'000
		Contracts in progress at balance sheet date:		
11(r1993).42(a)	8116(a)	Amounts due from contract customers included in trade and other receivables	24,930	17,302
11(r1993).42(b)	8116(b)	Amounts due to contract customers included in accounts payable	(3,587)	(3,904)
			21,343	13,398
11(r1993).40(a)	8115(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

11(r1993).40 (b), (c) — 8115(b),(c)

At 31 December 2001, retentions held by customers for contract work amounted to CU2.3 million (2000: CU1.8 million). Advances received from customers for contract work amounted to CU0.85 million (2000: Nil).

1(r1997).54 — 4014

At 31 December 2001, amounts of CU4.3 million (2000: CU2.1 million) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.

1(r1997).74(a) — 8117

27. SHARE CAPITAL

	2001 CU'000	2000 CU'000
Authorised:		
Ordinary shares of CU1 each	200,000	200,000
Issued and fully paid:		
Ordinary shares of CU1 each	120,000	120,000

There were no movements in the share capital of the Company in either the 2001 or 2000 reporting periods.

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

On 14 February 2002, a capitalisation issue of 1 bonus share for every four shares in issue resulted in an increase in issued share capital of CU30 million, and an equivalent reduction in the share premium account.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
1(r1997).74(b) 1(r1997).86	8118 5002	**28. CAPITAL RESERVES**

	Share premium CU'000	Equity reserve CU'000	Total CU'000
Balance at 1 January and 31 December 2000	32,098	-	32,098
Equity component of convertible loan notes issued (see note 33)	-	836	836
Balance at 31 December 2001	32,098	836	32,934

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
1(r1997).74(b) 1(r1997).86	8118 5002	**29. REVALUATION RESERVES**

Source	Checklist		Investment property revaluation reserve CU'000	Other properties revaluation reserve CU'000	Investments revaluation reserve CU'000	Total CU'000
		Balance at 1 January 2000				
		- as originally stated	253	33,208	-	33,461
		- prior period adjustment (see note 2)	(253)	-	-	(253)
		- as restated	-	33,208	-	33,208
		Revaluation decrease on land and buildings	-	(4,049)	-	(4,049)
		Balance at 1 January 2001	-	29,159	-	29,159
		- prior period adjustment (see note 2)	-	-	5,432	5,432
		- as restated	-	29,159	5,432	34,591
16(r1998).64(f)	5003(c)	Revaluation increase on land and buildings	-	64,709	-	64,709
12(r2000).81(a)	5003(b)	Deferred tax liability on revaluation of land and buildings	-	(3,699)	-	(3,699)
39(r2000).170(a)	5003(e)	Released on disposal of available-for-sale investments	-		(611)	(611)
39(r2000).170(a)	5003(e)	Increase in fair value of available-for-sale investments	-	-	251	251
		Balance at 31 December 2001	-	90,169	5,072	95,241

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
1(r1997).74(b) 1(r1997).86	8118 5002	**30. HEDGING AND TRANSLATION RESERVES**

Source	Checklist		Hedging reserve CU'000	Translation reserve CU'000	Total CU'000
		Balance at 1 January 2000	-	(2,368)	(2,368)
21(r1993).42(b)	5003(f)	Exchange differences on overseas operations	-	2,706	2,706
		Balance at 1 January 2001			
		- as originally stated	-	338	338
		- prior period adjustment (see note 2)	890	-	890
		- as restated	890	338	1,228
21(r1993).42(b)	5003(f)	Exchange differences on overseas operations	-	(13,446)	(13,446)
39(r2000).169(c)	8148(a)	Fair value gains in the period	1,723	-	1,723
39(r2000).169(c)	8148(b)	Transferred to income	(995)	-	(995)
39(r2000).169(c)	8148(c)	Transferred to inventories	(218)	-	(218)
		Balance at 31 December 2001	1,400	(13,108)	(11,708)

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

1(r1997).74(b) 8118
1(r1997).86 5002

31. ACCUMULATED PROFITS

	CU'000
Balance at 1 January 2000	
- as originally stated	143,524
- prior period adjustment (see note 2)	253
- as restated	143,777
Dividends paid	(8,040)
Net profit for the year	23,756
Balance at 1 January 2001	159,493
- prior period adjustment (see note 2)	(170)
- as restated	159,323
Dividends paid	(5,040)
Net profit for the year	105,457
Balance at 31 December 2001	259,740

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

32(r1998).47(a) 8140
32(r1998).56 8141

32. BANK OVERDRAFTS AND LOANS

	2001 CU'000	2000 CU'000
Bank overdrafts	51,907	41,909
Bank loans	448,753	535,530
	500,660	577,439

The borrowings are repayable as follows:

	2001 CU'000	2000 CU'000
On demand or within one year	111,931	102,537
In the second year	46,727	71,728
In the third to fifth years inclusive	81,076	134,112
After five years	260,926	269,062
	500,660	577,439
Less: Amount due for settlement within 12 months (shown under current liabilities)	(111,931)	(102,537)
Amount due for settlement after 12 months	388,729	474,902

Analysis of borrowings by currency:

2001	Currency Units CU'000	A Currency CU'000	B Currency CU'000	C Currency CU'000
Bank overdrafts	15,182	11,288	18,530	6,907
Bank loans	340,315	108,438	-	-
	355,497	119,726	18,530	6,907

2000	Currency Units CU'000	A Currency CU'000	B Currency CU'000	C Currency CU'000
Bank overdrafts	3,434	14,282	14,842	9,351
Bank loans	360,791	174,739	-	-
	364,225	189,021	14,842	9,351

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

The average interest rates paid were as follows:

	2001	2000
Bank overdrafts	8.7%	9.2%
Bank loans	7.8%	8.1%

Bank loans of CU108 million (2000: CU175 million) were arranged at fixed interest rates. Other borrowings are arranged at floating rates.

32(r1998).77 8143 The directors estimate the fair value of the Group's borrowings as follows:

	2001 CU'000	2000 CU'000
Bank overdrafts	51,907	41,909
Bank loans	463,000	540,000

The other principal features of the Group's borrowings are as follows:

(i) Bank overdrafts are repayable on demand. Overdrafts of CU20.9 million (2000: CU15.4 million) have been secured by a charge over the Group's inventories.

(ii) The Group has two principal bank loans:

a) a 20 year loan of CU340 million (2000: CU361 million) repayable by equal monthly instalments commencing 1 May 2000 and secured by a charge over certain of the Group's properties dated 3 March 2000; and

1(r1997).63 4012 b) a loan of CU108 million (2000: CU175 million) secured on certain current and non-current assets of the Group. This loan was advanced on 1 July 1999 and was originally due for repayment in full on 30 June 2002. Subsequent to the balance sheet date, the bank has agreed to reschedule the loan repayments so that they are now payable by instalments through to 3 January 2004. On the basis of the post-year end agreement to reschedule the repayments, the relevant portions of the loan continue to be treated as long-term.

33. CONVERTIBLE LOAN NOTES

32(r1998).47(a) 8140
32(r1998).56 8141

The convertible loan notes were issued on 1 April 2001, 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 CU10 loan note. The conversion rate has been adjusted to 22.5 shares per CU10 loan note following the capitalisation issue of shares on 14 February 2002.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

If the notes have not been converted, they will be redeemed on 1 April 2003 at par. Interest of 5 per cent will be paid annually up until that settlement date.

The 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.

	2001 CU'000
Nominal value of convertible loan notes issued	25,000
Equity component (net of deferred tax)	(836)
Deferred tax liability	(159)
Liability component at date of issue	24,005
Interest charged	1,260
Interest paid	(938)
Liability component at 31 December 2001	24,327

32(r1998).77 8143 The directors estimate the fair value of the convertible loan notes to be approximately CU23.7 million.

32(r1998).47(a) 8140
32(r1998).56 8141
32(r1998).77 8143

34. DERIVATIVE FINANCIAL INSTRUMENTS

Currency derivatives

The Group utilises currency derivatives to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward 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 Group had contracted to sell the following amounts under forward contracts.

	2001 CU'000	2000 CU'000
Currency of P Land	497,233	354,782
Others	49,807	48,791
	547,040	403,573

In addition, the Group had options to purchase currency of D Land equivalent to an amount of approximately CU50 million as a hedge against future exchange losses on purchases of goods.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

These arrangements are designed to address significant exchange exposures for the first half of 2002, and will be renewed on a revolving basis as required.

At 31 December 2001, the fair value of the Group's currency derivatives is estimated to be approximately CU0.74 million (1 January 2001: CU0.46 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising CU1.01 million assets included in trade and other receivables and CU0.27 million liabilities included in trade and other payables. The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to CU1.10 million (1 January 2001: CU0.63 million) has been deferred in equity.

Amounts of CU0.62 million and CU0.22 million respectively have been transferred to the income statement and inventories in respect of contracts matured during the period.

Changes in the fair value of non-hedging currency derivatives amounting to CU0.1 million have been charged to income in the year (1 January 2001: CU0.17 million charged against accumulated profits).

Interest rate swaps

The Group uses interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of CU20 million fix interest payments at an average rate of 7 per cent for periods up until 2005.

The fair value of swaps entered into at 31 December 2001 is estimated at CU0.39 million (1 January 2001: CU0.26 million). These amounts are based on market values of 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 CU0.38 million has been offset against hedged interest payments made in the period.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

35. DEFERRED TAX

	2001 CU'000	2000 CU'000
Analysis for financial reporting purposes		
Deferred tax liabilities	15,447	6,372
Deferred tax assets	(2,661)	(3,400)
Net position at 31 December	12,786	2,972

The movement for the year in the Group's net deferred tax position was as follows:

	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
At 1 January	2,972	2,172
Charge to income for the year	6,046	838
Charge to equity for the year	3,858	-
Net liability disposed of on disposal of subsidiary	(189)	-
Net asset acquired on acquisition of subsidiary	(201)	-
Exchange differences	390	(38)
Effect of change in tax rate	(90)	-
At 31 December	12,786	2,972

12(r2000).81(g) 8128(c) The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the period:

Deferred tax liabilities

	Accelerated tax depreciation CU'000	Deferred development costs CU'000	Revaluation of properties CU'000	Convertible bond-equity component CU'000	Total
At 1 January 2001	4,696	-	1,676	-	6,372
Charge to income for the year	4,748	547	-	(52)	5,243
Charge to equity for the year	-	-	3,699	159	3,858
Acquisitions/disposals	(140)	-	-	-	(140)
Exchange differences	317	-	8	-	325
Effect of change in tax rate	(127)	-	(84)	-	(211)
At 31 December 2001	9,494	547	5,299	107	15,447

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
12(r2000).81(g)	8128(c)	**Deferred tax assets**

	Retirement benefit obligations CU'000	Tax losses CU'000	Total CU'000
At 1 January 2001	(2,561)	(839)	(3,400)
Charge to income for the year	214	589	803
Acquisitions/disposals	141	(391)	(250)
Exchange differences	65	-	65
Effect of change in tax rate	97	24	121
At 31 December 2001	(2,044)	(617)	(2,661)

12(r2000).81(e) 8128(a)

At the balance sheet date, the Group has unused tax losses of CU11.23 million (2000: CU16.53 million) available for offset against future profits. A deferred tax asset has been recognised in respect of CU3.86 million (2000: CU5.08 million) of such losses. No deferred tax asset has been recognised in respect of the remaining CU7.37 million (2000: CU11.45 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of CU2.38 million (2000: CU3.29 million) that will expire in 2004. Other losses may be carried forward indefinitely.

12(r2000).81(f) 8128(b)

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 was CU7.9 million (2000: CU6.3 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.

12(r2000).81(f) 8128(b)

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

36. OBLIGATIONS UNDER FINANCE LEASES

Source	Checklist		Minimum lease payments 2001	Minimum lease payments 2000	Present value of minimum lease payments 2001	Present value of minimum lease payments 2000
			CU'000	CU'000	CU'000	CU'000
17(r1997).23(b)	8131(b),(c)	**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
		Less: Amount due for settlement with 12 months (shown under current liabilities)			(1,470)	(1,483)
1(r1997).54	4014	Amount due for settlement after 12 months			923	1,244

Source	Checklist	
17(r1997).23(e) 32(r1998).47(a) 32(r1998).56	8131(f) 8140 8141	It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3-4 years. For the year ended 31 December 2001, the average effective borrowing rate was 8.5 per cent. Interest rates are fixed at the contract date. 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 Currency Units.
32(r1998).77	8143	The fair value of the Group's lease obligations approximates their carrying amount.
		The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

37. OTHER FINANCIAL LIABILITIES

Source	Checklist	
32(r1998).47(a)	8140	**Trade and other payables** principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 45 days.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

32(r1998).77 8143 The directors consider that the carrying amount of trade payables approximates to their fair value.

In addition, trade and other payables include currency derivative liabilities with a fair value of CU0.27 million (see note 34).

38. PROVISIONS

37.84 8170

	Warranty provision CU'000	Restructuring provision CU'000	Other CU'000	Total CU'000
At 1 January 2001	1,572	-	493	2,065
Additional provision in the year	946	14,170	58	15,174
Utilisation of provision	(298)	(8,112)	(279)	(8,689)
At 31 December 2001	2,220	6,058	272	8,550

37.85 8171 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.

37.85 8171 The restructuring provision relates to redundancy costs incurred on the disposal of Subsix Limited (see note 6). As at 31 December 2001, approximately 50 per cent of the affected employees had left the Group's employment, with the remainder departing in January 2002.

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
7(r1992).18(b)	6003(b)	**39. CASH GENERATED BY OPERATIONS**

	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
Profit from operations	138,158	59,562
Adjustments for:		
Depreciation of property, plant and equipment	29,517	19,042
Impairment loss on equipment	4,130	-
Amortisation of goodwill	463	247
Amortisation of intangible assets	2,614	846
Negative goodwill released to income	(1,682)	(2,210)
Revaluation (increase) decrease on investment properties	(591)	49
Gain on disposal of property, plant and equipment	(4,184)	(500)
Increase/(decrease) in provisions	6,485	(2,000)
Operating cash flows before movements in working capital	174,910	75,036
Increase in inventories	(21,697)	(28,960)
Decrease/(increase) in receivables	5,276	(31,993)
Increase in payables	28,809	4,141
Cash generated by operations	187,298	18,224

Note: The above reconciliation is only required where the indirect method of presenting operating cash flows is adopted (see pages 11 and 12).

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued
		40. DISPOSAL OF SUBSIDIARY
		As referred to in note 10, on 30 November 2001 the Group discontinued its toy operations at the time of the disposal of its subsidiary Subsix Limited.
7(r1992).40(d) 35.31(b) 35.45	6011(d) 8032(b)(iii) 8040	The net assets of Subsix Limited at the date of disposal and at 31 December 2000 were as follows:

Source	Checklist		30/11/01 CU'000	31/12/00 CU'000
		Property, plant and equipment	10,125	7,293
		Inventories	11,976	14,247
		Trade receivables	12,264	11,685
7(r1992).40(c)	6011(c)	Bank balances and cash	4,382	1,946
		Retirement benefit obligation	(4,932)	(5,107)
		Deferred tax liability	(189)	-
		Income tax liability	(1,854)	(37)
		Trade payables	(2,387)	(2,104)
		Bank overdraft	(6,398)	(7,200)
		Attributable goodwill	2,958	3,039
			25,945	23,762
		Gain on disposal	8,493	
7(r1992).40(a) 35.31(b)	6011(a) 8032(b)(i)	Total consideration	34,438	
		Satisfied by:		
7(r1992).40(b)	6011(b)	Cash	10,899	
		Deferred consideration	23,539	
			34,438	
		Net cash inflow arising on disposal:		
		Cash consideration	10,899	
		Bank balances and cash disposed of	(4,382)	
			6,517	

Source	Checklist	
35.31(b)	8032(b)(ii)	The deferred consideration will be settled in cash by the purchaser on or before 30 May 2002.
27.32(b)(iv)	8087(d)	The impact of Subsix Limited on the Group's results in the current and prior periods is disclosed in note 10.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

41. ACQUISITION OF SUBSIDIARY

Source	Checklist		2001 CU'000
22(r1998).86 22(r1998).87	8090 8091	On 1 August 2001, the Group acquired 100 per cent of the issued share capital of Subfive limited for cash consideration of CU7.9 million. This transaction has been accounted for by the purchase method of accounting.	
7(r1992).40(d)	6011(d)	Net assets acquired:	
		Property, plant and equipment	8,907
		Trade marks	870
		Deferred tax asset	201
		Inventories	2,854
		Trade receivables	12,520
7(r1992).40(c)	6011(c)	Bank and cash balances	4,272
		Retirement benefit obligation	(2,436)
		Warranty provision	(289)
		Trade payables	(21,000)
			5,899
		Goodwill	2,043
7(r1992).40(a)	6011(a)	Total consideration	7,942
7(r1992).40(b)	6011(b)	Satisfied by cash	7,942
		Net cash outflow arising on acquisition:	
		Cash consideration	(7,942)
		Bank balances and cash acquired	4,272
			(3,670)

27.32(b)(iv) 8087(d) Subfive Limited contributed CU15.3 million of revenue and CU1.2 million of profit before tax for the period between the date of acquisition and the balance sheet date.

7(r1992).43 6013 **42. NON-CASH TRANSACTIONS**

Additions to fixtures and equipment during the year amounting to CU1.56 million were financed by new finance leases. Additions of CU4.19 million in 2000 were acquired on deferred payment terms, and were settled in the current period.

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

37.86 8173

43. CONTINGENT LIABILITIES

During the reporting period, a customer of the Group instigated proceedings against it for alleged defects in an electronic product which, it is claimed, was the cause of a major fire in their premises in February 2001. Total losses to the customer have been estimated at CU29.8 million and this amount is being claimed from the Group.

The Group’s lawyers have advised that they do not consider that the suit has merit, and they have recommended that it be contested. No provision has been made in these financial statements as the Group's management do not consider that there is any probable loss.

31(r2000).45 8180

Contingent liabilities arising from interests in joint ventures

	2001 CU’000	2000 CU’000
Guarantees given to banks in respect of bank facilities utilised by jointly controlled entities	22,981	23,023
Share of contingent liabilities of jointly controlled entities arising from bills of exchange discounted with recourse	7,720	5,029
Guarantees given to banks in respect of bank facilities utilised by joint venture partners	5,371	8,209
	36,072	36,261

44. CAPITAL COMMITMENTS

Source	Checklist		2001 CU’000	2000 CU’000
16(r1998).61(d)	8181	Commitments for the acquisition of property, plant and equipment	9,965	20,066

40.66(f) 8182

In addition, the Group has entered into a contract for the maintenance of its investment property for the next 5 years, which will give rise to an annual charge of CU0.12 million.

31(r2000).46 8184

The Group’s share of capital commitments of joint ventures at the balance sheet date amounted to CU1.47 million (2000:CU0.38 million).

Source	Checklist	

INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

45. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Source	Checklist		Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
17(r1997).27(c)	8132(c)	Minimum lease payments under operating leases recognised in income for the period	297	283

17(r1997).27(a) | 8132(a)

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2001 CU'000	2000 CU'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

17(r1997).27(d) | 8132(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.

17(r1997).48(c), (d) | 8107(b), (c)

The Group as lessor

Property rental income earned during the year was CU0.6 million (2000: CU0.6 million). Certain of the Group's properties held for rental purposes, with a carrying amount of CU3.89 million, have been disposed of since the balance sheet date. The remaining properties are expected to generate rental yields of 10 per cent on an ongoing basis. All of the properties held have committed tenants for the next seven years.

17(r1997).48(b) | 8107(a)

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2001 CU'000	2000 CU'000
Within one year	810	602
In the second to fifth years inclusive	3,179	3,240
After five years	1,539	2,288
	5,528	6,130

Source	Checklist	
		INTERNATIONAL GAAP HOLDINGS LIMITED
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

46. RETIREMENT BENEFITS PLANS

Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees of its construction and leasing divisions in A Land. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees of the Group's subsidiary in B Land are members of a state-managed retirement benefit scheme operated by the government of B Land. The subsidiary is required to contribute a specified percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

19(r2000).46 — 8158

The total cost charged to income of CU9.8 million (2000: CU7.3 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 December 2001, contributions of CU0.7 million (2000: CU0.8 million) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit plan

19(r2000).120 (b) — 8161(a)

The Group operates a defined benefit plan for qualifying employees of its subsidiaries in D Land, and previously for the employees of Subsix Limited. Under the schemes, the employees are entitled to retirement benefits varying between 40 and 65 per cent of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided.

19(r2000).120 (f) — 8159

Amounts recognised in income in respect of that scheme are as follows:

	Year ended 31/12/01 CU'000	Year ended 31/12/00 CU'000
Current service cost	16,449	12,297
Interest costs	9,021	7,057
Expected return on plan assets	(10,675)	(9,503)
Net actuarial losses	232	1,309
Past service cost	1,652	1,888
	16,679	13,048

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

19(r2000).120 (f) | 8159

The charge for the year has been included in staff costs. *[Where analysis of expenditure in the income statement is by nature]*

OR

Of the charge for the year, CU12.83 million (2000: CU10.03 million) has been included in cost of sales and CU3.85 million (2000: CU3.02 million) has been included in administrative expenses. *[Where analysis of expenditure in the income statement is by function]*

19(r2000).120 (g) | 8161(e)

The actual return on plan assets was CU10.32 million (2000: CU9.7 million).

19(r2000).120 (c) | 8161(b)

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit retirement benefit plan is as follows:

	2001	2000
	CU'000	CU'000
Present value of funded obligations	160,512	177,395
Unrecognised actuarial losses	(17,310)	(15,372)
Unrecognised past service cost	(4,181)	(4,721)
Fair value of plan assets	(105,093)	(118,828)
	33,928	38,474

19(r2000).120 (e) | 8161(d)

Movements in the net liability in the current period were as follows:

	2001	2000
	CU'000	CU'000
At 1 January	38,474	39,438
Exchange differences	438	(721)
Net liability transferred on disposal of subsidiary	(4,932)	-
Net liability acquired on acquisition of a subsidiary	2,436	-
Amounts charged to income	16,679	13,048
Contributions	(19,167)	(13,291)
At 31 December	33,928	38,474

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

1(r1997).54 4014

Analysis for financial reporting purposes:

	2001 CU'000	2000 CU'000
Current liabilities	3,732	4,473
Non-current liabilities	30,196	34,001
	33,928	38,474

19(r2000).120(h) 8161(f)

Key assumptions used:	2001	2000
Discount rate	7%	7%
Expected return on plan assets	8%	9%
Expected rate of salary increases	5%	5%
Future pension increases	4%	4%

10(r1999).20 8193

47. SUBSEQUENT EVENTS

Subsequent to 31 December 2001, the court administration proceedings relating to Subfour Limited (see note 19) were completed and an application was made to wind-up the company. No further distributions to the Group are anticipated. The Group has no obligation to meet the outstanding liabilities of Subfour Limited.

On 14 February 2002, the Company made a bonus issue of shares (see note 27).

24.22 8187

48. RELATED PARTY TRANSACTIONS

24.20 8186
1(r1997).102(c) 8001(c)

The holding company and ultimate holding company respectively of the Group are X Holdings Limited (incorporated in M Land) and Y Holdings Limited (incorporated in N Land).

Trading transactions

1(r1997).72 8189

During the year, group companies entered into the following transactions with related parties who are not members of the Group:

10(r1999).16 8190

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 15 March 2002.

Source | Checklist

INTERNATIONAL GAAP HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

	Sales of goods		Purchases of goods		Amounts owed by related parties		Amounts owed to related parties	
	Year ended 31/12/01	Year ended 31/12/00	Year ended 31/12/01	Year ended 31/12/00	31/12/01	31/12/00	31/12/01	31/12/00
	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000	CU'000
X Holdings Ltd.	693	582	439	427	209	197	231	139
Subsidiaries of Y Holdings Ltd.	1,289	981	897	883	398	293	149	78
Associates and joint ventures	398	291	-	-	29	142	-	-

Sales of goods to related parties were made at the Group's usual list prices, less average discounts of 5 per cent. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

Directors' and executives' remuneration

Remuneration paid to directors and other members of key management during the year was as follows:

	Year ended 31/12/01	Year ended 31/12/00
	CU'000	CU'000
Salaries	10,681	9,270
Discretionary bonuses	4,153	2,769
Benefits in kind	949	863
	15,783	12,902

The remuneration of directors and key executives is decided by the remuneration committee having regard to comparable market statistics.

Note: *IAS 24 does not specifically require the disclosure of the remuneration of directors and key management. The Standard acknowledges that disclosures will generally be specified by local laws or stock exchange regulations. However, if there are no such local requirements, the payment of such remuneration constitutes a transaction between the enterprise and a related party and, as such, is prima facie disclosable.*

In addition to the above, X Holdings Limited performed certain administrative services for the Company, for which a management fee of CU0.18 million (2000: CU0.16 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.

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

Source	Checklist	INTERNATIONAL GAAP HOLDINGS LIMITED

REPORT OF THE AUDITORS

Deloitte Touche Tohmatsu

(APPROPRIATE ADDRESSEE)

We have audited the accompanying balance sheet of International GAAP Holdings Limited as of 31 December 2001 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2001 and the results of its operations and its cash flows for the year then ended, in accordance with International Accounting Standards.

Deloitte Touche Tohmatsu
15 March 2002

Note: The audit of the financial statements may be conducted in accordance with International Standards on Auditing (ISA) or applicable local standards, making reference should be made to local laws or regulations. The format of the report above is as specified by ISA 700 ***The Auditor's Report on Financial Statements****. When local auditing standards are used, the report format will be dictated by those local standards.*