

Changes to the Financial Reporting Framework in Singapore



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Acronyms

| | |
|---------|---|
| ACRA | Accounting and Corporate Regulatory Authority |
| CA | Singapore Companies Act |
| CCDG | Council on Corporate Disclosure and Governance |
| ED | Exposure Draft |
| FRS | Singapore Financial Reporting Standards |
| IASB | International Accounting Standards Board |
| IAASB | International Auditing and Assurance Standards Board |
| ICPAS | Institute of Certified Public Accountants of Singapore |
| IFRIC | International Financial Reporting Interpretations, or International Financial Reporting Interpretations Committee, as appropriate |
| IFRS | International Financial Reporting Standards |
| IG | Implementation Guidance |
| INT FRS | Interpretation of Singapore Financial Reporting Standards |
| LM | SGX Listing Manual |
| SIC | Interpretation of the Standing Interpretations Committee of the IASB |
| SGX | Singapore Exchange Limited |
| US GAAP | United States Generally Accepted Accounting Principles |

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Introduction

The purpose of this publication is to provide a regular update of the recent changes in the financial reporting framework, related corporate governance and auditing matters which we believe are important to accounting and auditing professionals.

In this edition, we continue to provide a summary of the new/revised FRS and INT FRS issued since our last edition in November 2005 and up to end of October 2006, and an updated comparison against IFRS. To assist entities in considering and disclosing any potential impact arising from FRS and INT FRS issued but not effective in current year (i.e. a requirement under FRS 8), we have compiled a list of FRS and INT FRS with their respective issue dates and effective dates.

The changes arising from the Companies (Amendment) Act 2005 were covered in our previous edition. Those changes were effective on 30 January 2006. Listing aspirants may want to note that a new regime for financial reporting of track record periods in the listing prospectus is effective from 15 April 2006. In June 2006, several significant revisions were also made to the SGX Listing Manual rules with respect to corporate governance and the role of intermediaries. The revisions are effective from 1 September 2006, with certain exceptions. Additionally, listed companies in Singapore should take note of the revised Code of Corporate Governance, which is effective for annual general meetings held on or after 1 January 2007, and the revised quarterly reporting requirements effective starting from 31 December 2006.

Auditing professionals should be aware that several important changes to auditing pronouncements were applicable from 2006. These include the revised standards on audit documentation and auditor's reports, and the renaming of certain existing pronouncements as Audit Guidance Statements (AGS). From a corporate perspective, these updates would be useful in understanding the respective roles of management, board of directors and auditors.

Section I: Financial Reporting Standards

In 2006, the CCDG issued the following:

| New/Revised FRS | |
|-------------------|---|
| FRS 1 (revised) | <ul style="list-style-type: none"> Amendments to FRS 1 <i>Presentation of Financial Statements</i> relating to capital disclosures (effective for listed companies for annual periods beginning on or after 1 January 2007; effective for all other companies for annual periods beginning on or after 1 January 2008) |
| FRS 21 (revised) | <ul style="list-style-type: none"> Amendments to FRS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to net investment in a foreign operation (effective for annual periods beginning on or after 1 January 2006) |
| FRS 39 (revised) | <ul style="list-style-type: none"> Amendments to FRS 39 <i>Financial Instruments: Recognition and Measurement</i> relating to cash flow hedge accounting of forecast intragroup transactions, fair value option and financial guarantee contracts (effective for annual periods beginning on or after 1 January 2006) |
| FRS 101 (revised) | <ul style="list-style-type: none"> Amendments to FRS 101 <i>First-time Adoption of Financial Reporting Standards</i> relating to comparative disclosures for FRS 106 <i>Exploration for and Evaluation of Mineral Resources</i> (effective for annual periods beginning on or after 1 January 2006) |
| FRS 104 (revised) | <ul style="list-style-type: none"> Amendments to FRS 104 <i>Insurance Contracts</i> relating to financial guarantee contracts (effective for annual periods beginning on or after 1 January 2006) |
| FRS 107 (new) | <ul style="list-style-type: none"> Financial Instruments: Disclosures (effective for listed companies for annual periods beginning on or after 1 January 2007; effective for all other companies for annual periods beginning on or after 1 January 2008) |

| New INT FRS | |
|-------------|---|
| INT FRS 106 | <ul style="list-style-type: none"> <i>Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i> (effective for annual periods beginning on or after 1 December 2005) |
| INT FRS 107 | <ul style="list-style-type: none"> <i>Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies</i> (effective for annual periods beginning on or after 1 March 2006) |
| INT FRS 108 | <ul style="list-style-type: none"> <i>Scope of FRS 102</i> (effective for annual periods beginning on or after 1 May 2006) |
| INT FRS 109 | <ul style="list-style-type: none"> <i>Reassessment of Embedded Derivatives</i> (effective for annual periods beginning on or after 1 June 2006) |
| INT FRS 110 | <ul style="list-style-type: none"> <i>Interim Financial Reporting and Impairment</i> (effective for annual periods beginning on or after 1 November 2006) |

Amendments to FRS 1 *Presentation of Financial Statements* relating to capital disclosures

FRS 1 has been amended as a result of the issuance of FRS 107 *Financial Instruments: Disclosures* to include the following additional disclosure requirements:

- the entity's objectives, policies and processes for managing capital;
- quantitative data about what the entity regards as capital; and
- whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance.

Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates* relating to net investment in a foreign operation

FRS 21 provides that if an exchange difference arises on a monetary item that forms part of a reporting entity's net investment in a

foreign operation, that exchange difference should be reclassified to the separate component of equity in the financial statements in which the foreign operation is consolidated, proportionately consolidated, or accounted for using the equity method. FRS 21 has now been amended to state that this requirement applies regardless of the currency in which the monetary item is denominated and of which group entity transacts with the foreign operation.

Amendments to FRS 39 *Financial Instruments: Recognition and Measurement* relating to:

Cash flow hedge accounting for forecast intragroup transactions

The amendment permits the foreign currency risk of a highly probable intragroup forecasted transaction to qualify as the hedged item in a cash flow hedge in consolidated financial statements, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect consolidated profit or loss.

The amendment also specifies that if the hedge of a forecast intragroup transaction qualifies for hedge accounting, any gain or loss that is recognised directly in equity in accordance with the hedge accounting rules in FRS 39 must be reclassified into profit or loss in the same period or periods during which the foreign currency risk of the hedged transaction affects consolidated profit or loss.

Fair value option

This amendment restricts the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss (the 'fair value option'). The fair value option can be used for a financial instrument only if it meets the following conditions:

- the fair value option designation eliminates or significantly reduces an accounting mismatch;
- a group of financial assets, financial liabilities, or both are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; and
- an instrument contains an embedded derivative that significantly modifies the cash flows associated with the host contract, and separation from host contract is clearly not prohibited.

Financial guarantee contracts and related amendments to FRS 104

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due.

The scope of FRS 39 has now been amended to include financial guarantee contracts issued. However, an issuer that has previously asserted explicitly that the financial guarantee contracts are insurance contracts and accounted for as such can apply either FRS 39 or FRS 104 to those financial guarantee contracts.

Under the amended FRS 39 (revised), financial guarantee contracts are recognised:

- a) initially at fair value. If the financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is likely to equal the consideration received, unless there is evidence to the contrary.
- b) subsequently at the greater of:
 - i) the amount determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
 - ii) the amount initially recognised, based on (a) above less, where appropriate, cumulative amortisation recognised in accordance with FRS 18 *Revenue* (i.e. the premium recognised initially is amortised to income over the guarantee period).

A guarantee that is indexed based on a credit index or other variable would be treated as a derivative under FRS 39 (mark to market through profit or loss).

These amendments address the accounting treatment of financial guarantee contracts by the issuer and not by the holder. Accounting by the holder is scoped out of FRS 39 and FRS 104. The accounting by the holder will have to be accounted for in accordance with FRS 8, which specify the criteria to use in developing an accounting policy if no FRS applies specifically to an item.

Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* relating to comparative disclosures for FRS 106 *Exploration for and Evaluation of Mineral Resources*

FRS 101 has been amended further to the issuance of FRS 106 to clarify that an entity that both:

- a) adopts FRSs for the first time before 1 January 2006; and
- b) applies FRS 106 before that date;

is exempted not only from providing comparative prior-period disclosures but also from applying the recognition and measurement requirements of FRS 106 in the prior comparative period.

FRS 107 *Financial Instruments: Disclosures*

FRS 107 consolidates all the financial instruments disclosure requirements into a new standard. In addition, it requires new disclosures about financial instruments other than those already prescribed by FRS 32. FRS 32 will only deal with financial instruments presentation matters.

This standard requires grouping of financial instruments into classes of similar instruments, and when disclosures are required, to make these disclosures by class.

There are two categories of disclosures:

1. Information about the significance of financial instruments; and
2. Information about the nature and extent of risks arising from financial instruments.

Information about the significance of financial instruments includes the following:

- Disclosure of the significance of financial instruments for an entity's financial position and performance.
- Enhanced balance sheet and income statement disclosures including information on financial assets and financial liabilities by classification, income statement amounts by classification, fee income and expense.
- Disclosure about an allowance account when one is used to reduce the carrying amount of impaired financial assets.

Information about the nature and extent of risks arising from financial instruments includes the following:

- Qualitative and quantitative disclosures about exposure to risks arising from financial instruments. The qualitative disclosures describe management's objectives, policies, and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.
- Disclosures about credit risk, including information about collateral or other credit enhancements obtained or called.
- Disclosures about liquidity risk, which would include a maturity analysis of financial liabilities and description of approach to risk management.
- Disclosures about market risk, including the sensitivity analysis of market risk to which the entity is exposed.

FRS 107 includes both an appendix of mandatory application and also an appendix of non-mandatory implementation guidance that describes how an entity might provide the disclosures required.

INT FRS 106 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*

This Interpretation clarifies when certain producers of electrical goods are required to recognise a liability under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* for the cost of waste management relating to the decommissioning of waste electrical and electronic equipment supplied to private households.

It was concluded that the event giving rise to the liability for costs of such waste is participation in the market in the period in which the original seller's market share is determined for the purposes of allocating ultimate waste management costs (measurement period). It is this date, rather than the date of production of the equipment or incurrence of costs, that is the triggering event for liability recognition.

INT FRS 107 *Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies*

The main requirements of the Interpretation are:

- In the period in which the economy of an entity's functional currency becomes hyperinflationary, the entity shall apply the requirements of FRS 29 as though the economy had always been hyperinflationary. The effect of this requirement is that restatements of non-monetary items carried at historical cost are made from the dates at which those items were first recognised; for other non-monetary items (not carried at

historical cost) the restatements are made from the dates at which revised current values for those items were established. FRS 21.16 clarifies that non-monetary items are characterised by the absence of a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Examples include: amounts prepaid for goods and services (e.g., prepaid rent); goodwill; intangible assets; inventories; property, plant and equipment; and provisions that are to be settled by delivery of a non-monetary asset.

- Deferred tax amounts in the opening balance sheet are determined in two stages:
 - o Deferred tax items are remeasured in accordance with FRS 12 after restating the nominal carrying amounts of the non-monetary items in the opening balance sheet by applying the measuring unit at that date.
 - o The deferred tax items remeasured in this way are restated for the change in the measuring unit from the date of the opening balance sheet to the date of the closing balance sheet.

INT FRS 108 *Scope of FRS 102*

The issue addressed in this Interpretation is whether FRS 102 applies to transactions in which the entity cannot identify specifically some or all of the goods or services received.

FRS 102 applies to particular transactions in which goods or services are received, such as transactions in which an entity receives goods or services as consideration for equity instruments of the entity. This includes transactions in which the entity cannot identify specifically some or all of the goods or services received.

In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received, in which case FRS 102 applies. In particular, if the identifiable consideration received (if any) appears to be less than the fair value of the equity instruments granted or liability incurred, typically this circumstance indicates that other consideration (i.e. unidentifiable goods or services) has been (or will be) received.

The entity shall measure the identifiable goods or services received in accordance with FRS 102.

The entity shall measure the unidentifiable goods or services received (or to be received) as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received).

The entity shall measure the unidentifiable goods or services received at the grant date. However, for cash-settled transactions, the liability shall be remeasured at each reporting date until it is settled.

INT FRS 109 *Reassessment of Embedded Derivatives*

This Interpretation addresses:

- whether FRS 39 requires such an assessment to be made only when the entity first becomes a party to the hybrid contract, or whether the assessment be reconsidered throughout the life of the contract.
- whether a first-time adopter of FRSs should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopts FRSs for the first time.

The Interpretation concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

A first-time adopter must assess whether an embedded derivative is required to be separated on the basis of the conditions that existed at the date it first became a party to the contract, unless there was a subsequent change in terms of the contract that significantly modified the cash flows.

INT FRS 110 *Interim Financial Reporting and Impairment*

The Interpretation addresses the interaction between the requirements of FRS 34 and the recognition of impairment losses on goodwill in FRS 36 and certain financial assets in FRS 39, and the effect of that interaction on subsequent interim and annual financial statements.

The entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The entity shall not extend this consensus by analogy to other areas of potential conflict between FRS 34 and other standards.

Earlier application is encouraged. If an entity applies the Interpretation for a period beginning before 1 November 2006, it shall disclose that fact.

The entity shall apply the Interpretation to goodwill prospectively from the date at which it first applied FRS 36; it shall apply the Interpretation to investments in equity instruments or in financial assets carried at cost prospectively from the date at which it first applied the measurement criteria of FRS 39.

Significant Exposure Drafts Issued in 2006

ED FRS Operating Segments

The ED requires an entity to report financial and descriptive information about its reportable segments. Reportable segments would be operating segments or aggregations of operating segments that meet specified criteria. Operating segments would be components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information would be required to be reported on the basis that it is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

The exposure draft sets out the following:

- extends the scope of segment reporting to include entities that hold assets in a fiduciary capacity for a broad group of outsiders (for example: a bank, an insurance company, securities broker/dealer, pension fund, mutual fund or investment banking entity), as well as entities whose equity or debt securities are publicly traded and entities that are in the process of issuing equity or debt securities in public securities markets.
 - requires identification of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. This is because the requirements of the exposure draft are based on the information about the components of the entity that management uses to make decisions about operating matters.
 - includes a component of an entity that sells primarily or exclusively to other operating segments of the entity in the definition of an operating segment if the entity is managed that way.
 - requires the amount of each operating segment item reported to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.
 - requires reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity's financial statements.
 - requires an explanation of how segment profit or loss and segment assets are measured for each reportable segment.
 - requires an entity to report information about the revenues derived from its products or services (or groups of similar products and services), about the countries in which it earns revenues and holds assets, and about major customers, regardless of whether that information is used by management in making operating decisions.
- requires an entity to give descriptive information about the way that the operating segments were determined, the products and services provided by the segments, differences between the measurements used in reporting segment information and those used in the entity's financial statements, and changes in the measurement of segment amounts from period to period.

ED Proposed amendments to FRS 102 – Vesting Conditions and Cancellations

This ED proposes amendments that:

- restrict vesting conditions to service conditions and performance conditions;
- require cancellations by parties other than the entity, whether by employees, shareholders or any other parties, to be accounted for in the same way as cancellations by the entity (paragraph 28 of FRS 102);

ED Proposed amendments to FRS 1 - A Revised Presentation

This ED proposes amendments that:

- require the presentation of a statement of financial position (currently known as "balance sheet") as at the beginning of the period in a complete set of financial statements, i.e., there will be three balance sheets to be presented for an entity presenting comparative information;
- require all owner changes in equity to be presented separately from non-owner changes in equity in a statement of changes in equity;
- require all non-owner changes in equity (i.e. recognised income and expenses) to be presented in one or two statements of recognised income and expense. Components of recognised income and expense are not permitted to be presented in the statement of changes in equity;
- require the disclosure of reclassification adjustments and income tax relating to each component of other recognised income and expense;
- require the presentation of dividends and related per-share amounts on the face of the statement of changes in equity or in the notes.

ED FRS 23 Borrowing Costs

The ED proposes to require an entity to capitalise borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The option of immediately recognising those borrowing costs as an expense, which is in the current version of FRS 23, would be removed.

ED Proposed amendments to FRS 32 and FRS 1 *Financial Instruments Puttable At Fair Value And Obligations Arising on Liquidation*

The ED proposes to require:

- an obligation to redeem or repurchase a financial instrument puttable at fair value would be classified as equity provided that specified criteria are met, particularly that all financial instruments in the most subordinated class of instruments with a claim to the assets of the entity are financial instruments puttable at fair value.
- an instrument that imposes an obligation to deliver to another entity a pro rata share of the net assets of the entity upon its liquidation to be classified as equity, provided specified criteria are met. Thus, for example, ordinary shares of limited life entities and partners' interests in a partnership that must liquidate upon exit of a partner (e.g. on retirement or death) would be equity.
- Fair values of such instruments to be disclosed.

ED INT FRS *The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements*

The ED would clarify the interaction between statutory or contractual minimum funding requirements and the requirements of FRS 19 Employee Benefits. The proposals clarify how to determine the limit on a pension plan asset that may be recognised in an employer's balance sheet as well as how the pensions asset or liability may be affected when there is a statutory or contractual minimum funding requirement.

ED INT FRS *Customer Loyalty Programmes*

Customer loyalty programmes are used by entities to provide customers with incentives to buy their products. Each time a

customer buys goods or services, or performs another qualifying act, the entity grants the customer award credits (variously described as 'points', 'air miles' etc). The customer can redeem the award credits for awards such as free or discounted goods or services.

The fundamental question addressed by the ED is whether the entity's obligation to provide free or discounted goods or services should be recognised and measured by:

1. Allocating some of the consideration received or receivable from the initial sales transaction to the award credits and deferring the recognition of revenue (ie applying paragraph 13 of FRS 18); or
2. Recognising the original revenue in full and, concurrently, recognising a provision for the estimated future costs of supplying the goods or services (applying paragraph 19 of FRS 18).

If '1' is appropriate (allocating a portion of the original consideration to the award credits), additional questions are how much to allocate and when it should be recognised as revenue.

This ED proposed that an entity should:

1. Apply paragraph 13 of FRS 18 and account for award credits as a separately identifiable revenue component of the original sale transaction.
2. Allocate the fair value of the consideration received or receivable from that original sale transaction between the goods and services originally sold and the award credits granted based on the relative fair values of the components.

The draft Interpretation would take effect three months after it is published as a final Interpretation, and would be applied retrospectively by restating prior period financial statements.

List of FRS issued as of 31 October 2006

| FRS | Title | Effective date | Issue date / Last update |
|------------|---|-----------------------|---------------------------------|
| Preface | Preface to Financial Reporting Standards | | 1 January 2003 |
| Framework | Framework for the Preparation and Presentation of Financial Statements | | 1 January 2003 |
| FRS 1 | Presentation of Financial Statements (Revised) | 1 January 2005 | 6 September 2004 |
| | Presentation of Financial Statements (Revisions relating to FRS 19 Employee Benefits on actuarial gains and losses, group plans and disclosures) | 1 January 2006 | 1 June 2005 |
| | Presentation of Financial Statements (Amendments relating to capital disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 2 | Inventories (Revised) | 1 January 2005 | 11 February 2005 |
| FRS 7 | Cash Flow Statements | 1 January 2005 | 7 July 2004 |
| FRS 8 | Accounting Policies, Changes in Accounting Estimates and Errors (Revised) | 1 January 2005 | 6 September 2004 |
| FRS 10 | Events after the Balance Sheet Date (Revised) | 1 January 2005 | 6 September 2004 |
| | Events after the Balance Sheet Date (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 11 | Construction Contracts | 1 January 2005 | 7 July 2004 |
| FRS 12 | Income Taxes | 1 January 2005 | 6 September 2004 |
| | Income Taxes (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 14 | Segment Reporting | 1 January 2005 | 6 September 2004 |
| | Segment Reporting (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 16 | Property, Plant and Equipment (Revised) | 1 January 2005 | 6 September 2004 |
| | Property, Plant and Equipment (Revisions relating to FRS 106 Exploration for and Evaluation of Mineral Resources) | 1 January 2006 | 18 August 2005 |
| FRS 17 | Leases (Revised) | 1 January 2005 | 11 February 2005 |
| | Leases (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 18 | Revenue | 1 January 2005 | 16 March 2005 |
| FRS 19 | Employee Benefits (Revised 2005) | 1 January 2005 | 6 September 2004 |
| | Employee Benefits (Amendments relating to actuarial gains and losses, group plans and disclosures) | 1 January 2006 | 1 June 2005 |
| | Employee Benefits (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 20 | Accounting for Government Grants and Disclosure of Government Assistance | 1 January 2005 | 7 July 2004 |
| FRS 21 | The Effects of Changes in Foreign Exchange Rates (Revised) | 1 January 2005 | 11 February 2005 |
| | The Effects of Changes in Foreign Exchange Rates (Amendments relating to net investment in a foreign operation) | 1 January 2006 | 25 January 2006 |

| FRS | Title | Effective Date | Issue Date / Last Update |
|------------|--|-----------------------|---------------------------------|
| FRS 23 | Borrowing Costs | 1 January 2005 | 7 July 2004 |
| FRS 24 | Related Party Disclosures (Revised) | 1 January 2005 | 7 July 2004 |
| | Related Party Disclosures (Revisions relating to FRS 19 Employee Benefits on actuarial gains and losses, group plans and disclosures) | 1 January 2006 | 1 June 2005 |
| FRS 25 | Accounting for Investments | 1 January 2005 | 16 March 2005 |
| FRS 26 | Accounting and Reporting by Retirement Benefit Plans | 1 January 2005 | 7 July 2004 |
| FRS 27 | Consolidated and Separate Financial Statements (Revised) | 1 January 2005 | 16 March 2005 |
| FRS 28 | Investments in Associates (Revised) | 1 January 2005 | 6 September 2004 |
| FRS 29 | Financial Reporting in Hyperinflationary Economies | 1 January 2005 | 7 July 2004 |
| FRS 31 | Interests in Joint Ventures (Revised) | 1 January 2005 | 6 September 2004 |
| FRS 32 | Financial Instruments: Disclosure and Presentation (Revised) | 1 January 2005 | 6 September 2004 |
| | Financial Instruments: Disclosure and Presentation (Revisions relating to FRS 39 and FRS 104 on financial guarantee contracts and fair value option) | 1 January 2006 | 6 January 2006 |
| | Financial Instruments: Presentation (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 33 | Earnings Per Share (Revised) | 1 January 2005 | 6 September 2004 |
| | Earnings Per Share (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 34 | Interim Financial Reporting | 1 January 2005 | 26 September 2005 |
| FRS 36 | Impairment of Assets (Revised) | 1 July 2004 | 6 September 2004 |
| FRS 37 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2005 | 6 September 2004 |
| | Provisions, Contingent Liabilities and Contingent Assets (Revisions relating to FRS 39 and FRS 104 on financial guarantee contracts) | 1 January 2006 | 6 January 2006 |
| FRS 38 | Intangible Assets (Revised) | 1 July 2004 | 1 July 2004 |
| | Intangible Assets (Revisions relating to FRS 106 Exploration for and Evaluation of Mineral Resources) | 1 January 2006 | 18 August 2005 |
| FRS 39 | Financial Instruments: Recognition and Measurement (Revised) (Amendments relating to transition and initial recognition of financial assets and financial liabilities) | 1 January 2005 | 16 March 2005 |
| | Financial Instruments: Recognition and Measurement (Amendments relating to cash flow hedge accounting of forecast intragroup transactions; Amendments relating to fair value option; Amendments relating to financial guarantee contracts) | 1 January 2006 | 6 January 2006 |
| | Financial Instruments: Recognition and Measurement (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |

| FRS | Title | Effective date | Issue date / Last update |
|------------|--|-----------------------|---------------------------------|
| FRS 40 | Investment Property | 1 January 2007 | 16 March 2005 |
| FRS 41 | Agriculture | 1 January 2005 | 6 September 2004 |
| FRS 101 | First-time Adoption of Financial Reporting Standards | 1 January 2005 | 16 March 2005 |
| | First-time Adoption of Financial Reporting Standards (Amendments relating to comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resource) | 1 January 2006 | 6 January 2006 |
| | First-time Adoption of Financial Reporting Standards (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 102 | Share-based Payment | 1 January 2005 | 6 September 2004 |
| | Share-based Payment (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 103 | Business Combinations | 1 July 2004 | 6 September 2004 |
| | Business Combinations (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 104 | Insurance Contracts | 1 January 2005 | 6 September 2004 |
| | Insurance Contracts (Revisions relating to FRS 39 and FRS 104 on financial guarantee contracts) | 1 January 2006 | 6 January 2006 |
| | Insurance Contracts (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| FRS 105 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2005 | 6 September 2004 |
| FRS 106 | Exploration for and Evaluation of Mineral Resources | 1 January 2006 | 18 August 2005 |
| FRS 107 | Financial Instruments: Disclosures | 1 January 2007 | 6 January 2006 |

List of INT FRS issued as of 31 October 2006

| INT FRS | Title | Effective date | Issue date / Last update |
|----------------|--|-----------------------|---------------------------------|
| Preface | Preface to INT FRS | | 30 January 2003 |
| INT FRS 7 | Introduction of the Euro | 1 January 2005 | 7 July 2004 |
| INT FRS 10 | Government Assistance - No Specific Relation to Operating Activities | 1 January 2005 | 30 January 2003 |
| INT FRS 12 | Consolidation - Special Purpose Entities (Amendments relating to scope of INT FRS 12) | 1 January 2005 | 16 March 2005 |
| INT FRS 13 | Jointly Controlled Entities - Non-monetary Contributions by Venturers | 1 January 2005 | 7 July 2004 |
| INT FRS 15 | Operating Leases - Incentives | 1 January 2005 | 7 July 2004 |
| INT FRS 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets | 1 January 2005 | 29 October 2004 |
| INT FRS 25 | Income Taxes - Changes in the Tax Status of an Enterprise of its Shareholders | 1 January 2005 | 29 October 2004 |
| INT FRS 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 1 January 2005 | 29 October 2004 |
| INT FRS 29 | Disclosure - Service Concession Arrangements | 1 January 2005 | 7 July 2004 |
| INT FRS 31 | Revenue - Barter Transactions Involving Advertising Services | 1 January 2005 | 29 October 2004 |
| INT FRS 32 | Intangible Assets - Web Site Costs | 1 January 2005 | 7 July 2004 |
| INT FRS 101 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 1 September 2004 | 31 August 2004 |
| INT FRS 104 | Determining whether an Arrangement contains a Lease | 1 January 2006 | 1 June 2005 |
| INT FRS 105 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 1 January 2006 | 1 June 2005 |
| | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Revisions relating to FRS 107 Financial Instruments: Disclosures) | 1 January 2007 | 6 January 2006 |
| INT FRS 106 | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | 1 December 2005 | 6 January 2006 |
| INT FRS 107 | Applying the restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies | 1 March 2006 | 25 January 2006 |
| INT FRS 108 | Scope of FRS 102 | 1 May 2006 | 4 May 2006 |
| INT FRS 109 | Reassessment of Embedded Derivatives | 1 June 2006 | 7 June 2006 |
| INT FRS 110 | Interim Financial Reporting and Impairment | 1 November 2006 | 27 October 2006 |

Disclosing the effects of adoption of new standards issued but not yet effective

It should be noted that under FRS 8 (revised 2004), disclosure is required of known or reasonably estimable information relevant to assessing the possible impact that application of the new FRS or INT FRS will have on the entity's financial statements in the period of initial application. If the impact is not known or reasonably estimable, a statement to that effect should be disclosed.

Early adoption of standards

If an entity adopts a standard before its effective date, it should disclose that fact.

Summary of differences between FRS and IAS/IFRS

The FRSs and INT FRSs issued by the CCDG are largely aligned to the standards and interpretations under IAS/IFRS, except for certain modifications to implementation dates and transitional provisions, and differences in timing of adoption. Below we identify the differences between FRS and IAS/IFRS as at 31 October 2006:

| FRS | Content | IAS /IFRS | Comments |
|-------------------|---|-------------------|--|
| FRS 16 | Property, Plant and Equipment | IAS 16 | FRS 16 exempts regular revaluation for assets on which any one-off revaluation is performed between 1 January 1984 and 31 December 1996 (both dates inclusive) or for assets that have been revalued prior to 1 January 1984, whereas IAS 16 does not give such an exemption. |
| FRS 17 | Leases | IAS 17 | FRS 17 removes the words in paragraphs 14 and 15 of IAS 17, which indicates that land normally has an indefinite economic life and, if title is not expected to pass to the lessee by the end of the lease term, the lessee does not receive substantially all of the risks and rewards incident to ownership. |
| FRS 21 | The Effects of Changes in Foreign Exchange Rates – Amendments relating to net investment in foreign operation | IAS 21 | The amendment to IAS 21 relating to net investment in foreign operations is effective immediately whereas the same amendment to FRS 21 is effective for annual periods beginning on or after 1 January 2006. |
| FRS 25 | Accounting for Investments | - | IAS 25 has been superseded by IAS 39 and IAS 40. FRS 25 continues to apply until FRS 40 (see below) becomes effective. FRS 25 allows for cost model or revaluation model method of accounting for investment properties, while FRS 40 (IAS 40) allows the use of cost model or fair value model. |
| FRS 27, 28 and 31 | Consolidated financial statements and accounting for investments in subsidiaries, associates and joint ventures | IAS 27, 28 and 31 | The revised FRS 27 exempts a parent from presenting consolidated financial statements if its holding company produces consolidated financial statements available for public use whereas under the revised IAS 27, such an exemption applies only if the holding company produces consolidated financial statements available for public use that comply with IFRS. |
| FRS 39 | Financial Instruments: Recognition and Measurement | IAS 39 | The transitional provisions differ in Singapore as the standard was not previously required to be adopted prior to 2005. |
| FRS 40 | Investment Property | IAS 40 | IAS 40 (r2004) is effective for annual periods beginning on or after 1 January 2005 whereas FRS 40 is effective for annual periods beginning on or after 1 January 2007. |
| FRS 102 | Share-based Payment | IFRS 2 | IFRS 2 is effective for all entities for annual periods beginning on or after 1 January 2005. In Singapore, FRS 102 is effective for listed companies for annual periods beginning on or after 1 January 2005 and for all other companies from 1 January 2006. Also, the date for retrospective treatment is 7 November 2002 under IFRS and 22 November 2002 under FRS in Singapore. |
| FRS 103 | Business Combinations | IFRS 3 | IFRS 3 is effective for transactions on or after 31 March 2004. In Singapore, the effective date is for annual periods beginning on or after 1 July 2004. |

| FRS | Content | IAS /IFRS | Comments |
|---|--|--|--|
| Revised FRS 36 and FRS 38 | Impairment of Assets and Intangible Assets | Revised IAS 36 and IAS 38 | <p>The revised Standard IAS 36 Impairment of Assets and IAS 38 Intangible Assets are applicable:</p> <p>a) on acquisition to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 31 March 2004.</p> <p>b) to all other/intangible assets, for annual periods beginning on or after 31 March 2004.</p> <p>These revised standards in Singapore are effective for annual periods beginning on or after 1 July 2004.</p> |
| FRS 107 and consequential amendments to FRS 1 | Financial Instruments: Disclosure | IFRS 7 and consequential amendments to IAS 1 | IFRS 7 and consequential changes to IAS 1 are effective for annual periods beginning on or after 1 January 2007. In Singapore, FRS 107 is effective for listed companies for annual periods beginning on or after 1 January 2007 and for all other companies from 1 January 2008. |
| ED INT FRS | Members' Shares in Co-operative Entities and Similar Instruments | IFRIC 2 | IFRIC 2 is effective for annual periods beginning on or after 1 January 2005. This interpretation has not been adopted in Singapore yet. |

Section II: Other matters affecting financial reporting

Companies (Amendment) Act 2005

The Companies (Amendment) Act 2005 (“CAA 2005”) was passed in May 2005, and came into force with effect from 30 January 2006. The CAA 2005 changes were covered in our last edition. The key changes were:

- The concept of authorized share capital and par value is abolished. Immediately after the implementation date, any amount standing to the credit of a company’s share premium account and capital redemption reserve becomes part of the company’s share capital.
- Financial assistance to persons for the purpose of acquiring shares or units of shares in the company or its holding company is further liberalised.
- Share buy-backs can be made out of the company’s capital or profits provided the company is solvent. Previously, share buy-backs are allowed only through distributable profits, and the shares bought back must be cancelled.
- Repurchased ordinary shares may be held as treasury shares, up to 10% of issued shares per class. If this threshold is exceeded, the excess treasury shares must be disposed of or cancelled within 6 months. The voting and other rights of the repurchased ordinary shares will be suspended as long as they are held in treasury. No dividend can be paid by the company in respect of the treasury shares. Share consolidation and share splits are allowed, if the total value of the treasury shares remains the same after the subdivision or consolidation. Companies are permitted to use treasury shares to raise cash, meet obligations under the employee share option schemes, and transfer to third parties to fund acquisitions. The disposal and cancellation of treasury shares do not affect the profit and loss statement under FRS. When treasury shares are used to meet obligations under employee share-based payment schemes, a new tax ruling introduced in June 2006 allows tax deduction on the amount incurred to repurchase shares. The IRAS Circular can be downloaded from http://www.iras.gov.sg/ESVPortal/tax_resources/tax_guide/index.asp

- An alternative mode of capital reduction other than court sanction is allowed.
- A new Section 7A on “solvency statement” is inserted. A “solvency statement” by the directors may be required for the purpose of changes in capital introduced by the CAA 2005.

ACRA Practice Direction (PD) No. 4 of 2006

This Practice Direction interprets the requirement to prepare accounts under Section 201(1A), (3) and (3A) of the Companies Act (“CA”) issued by the ACRA, and clarifies that legal subsidiaries can be consolidated, equity accounted or proportionately consolidated (i.e., an alternative for joint venture accounting), or treated under FRS 39, to be considered appropriate under CA.

Previously, PD 9 of 2005 dealt with the difference between the legal definitions of “subsidiary” and “holding company” in section 5(1) and (2) of the CA, and the accounting definitions of a “subsidiary” and “parent” under FRS 27. As the definitions are similar but not identical, a company may meet the definition “subsidiary” or “holding company” under the CA but not the accounting definition of “subsidiary” or “parent” under FRS 27, and vice versa.

The legislative intent behind the 2002 amendments to the CA, which introduced the requirement under section 201 (1A), (3) and (3A) to comply with the prescribed Accounting Standards, was to ensure that Singapore companies present true and fair financial statements in accordance with FRS and to substitute the provisions of the CA relating to financial reporting and disclosure requirements with the FRS. With this legislative intent as the background, ACRA is of the view that –

- a parent which is not a holding company must prepare consolidated accounts in accordance with the Accounting Standards as mandated under the Companies Act; and
- a holding company, regardless of whether it is a parent or not, in consolidating the financial information relating to its legal subsidiaries in accordance with section 201(3A) CA, must do so in accordance with the Accounting Standards.

The following table summarises ACRA’s interpretation:

| When the company is: | Consolidation required: | Reasons: |
|---|--|---|
| (1) Not a holding company under the CA but is a parent under FRS 27 | Yes, consolidation is required under FRS 27. | The company is required to prepare accounts that comply with the Financial Reporting Standards (“FRS”). |
| (2) A holding company under the CA and a parent under FRS 27 | Yes, consolidation is required under FRS 27. | The company is required to prepare consolidated accounts under both section 201(3A) CA and FRS. |
| (3) A holding company under the CA but not a parent under FRS 27 | Accounted for in accordance with FRS 28, 31 or 39. | The definition of “consolidated accounts” under section 209A CA is wide enough to include incorporation of financial information of the holding company’s legal subsidiaries howsoever accounted for under FRS. |

Securities and Futures Regulations 2005

Towards the end of 2005, the Monetary Authority of Singapore (MAS) issued its subsidiary legislation supporting the amendments under Part XIII of Securities and Futures (Amendment) Act 2005 ("SFA 2005").

Amendments included the revised "financial information" requirements for consolidated or combined financial statements under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 ("SFR 2005"). Listing aspirants have to comply with the revised "financial information" requirements for prospectus lodged on or after 15 April 2006.

Among other matters, the revised SFR 2005 introduces the concept of "common control" business combinations. A "common control" business combination is one in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

"Common control" business combinations are scoped out of FRS 103 *Business Combinations*. In practice, the merger accounting concept, instead of the purchase method of accounting is used to account for such common control business combinations. Merger accounting involves the preparation of a set of "combined financial statements" as if the combining entities or businesses were part of the reporting group since the day they come under the control of the parent entity.

Amendments to listing rules

In June 2006, the Singapore Exchange (SGX) announced changes to its listing rules, most of which will take effect from 1 September 2006. This follows a public consultation by SGX last year on proposed enhancements to its listing rules and processes in order to raise corporate governance standards and promote good regulatory practices.

Amendments were made to the listing rules on two key areas - enhancing corporate governance and extending the role of intermediaries. The amendments to enhance corporate governance include requiring negative assurance statements by directors on interim financial information that, to the best of their knowledge, nothing has come to the attention of the board of directors that may render the financial results to be false or misleading, and requiring at least two independent Singapore resident directors on a continuing basis for foreign listed companies. The proposal to require annual confirmation from the Board and CEO with regards to internal control matters was not adopted as this is currently addressed within the guidelines stipulated under the revised Code of Corporate Governance 2005.

Amendments made to extend the role of intermediaries include requiring issue managers to confirm that listing applicants have been informed of relevant rules and regulations in Singapore, and extending the sponsorship disclosure requirement for issue managers from one to two years. It was also stated that the SGX be given the discretion to require an issuer to appoint a Compliance Adviser.

The following table is not a comprehensive summary of all changes to the SGX listing rules made in June 2006, but only those areas we believe to be important. The detailed changes can be found on SGX website at <http://www.sgx.com>.

The amendments below are effective from 1 September 2006 except for the following:

1. Rule 1207(4) will be effective for all Annual General Meetings (“AGMs”) held on or after 1 January 2007; and
2. Rule 720 will be effective for existing issuers with effect from 1 January 2008.

In addition, the Ministry of Finance (“MOF”) made a press statement in August 2006 of its acceptance of CCDG’s recommendations on the retention of quarterly reporting for companies listed on SGX. The recommendations will take effect for Annual General Meetings held on or after 31 December 2006.

| SGX Rule No. | Amendments to SGX Listing Manual Summary and comments |
|---|---|
| Enhancing corporate governance | |
| 221 720 | Require foreign issuers to have at least two independent directors who are Singapore residents on the Board on a continuing basis, and not just at listing. |
| 246(12) | Require listing applicants to confirm that they have obtained all necessary approvals, and comply with laws and regulations, that would materially affect the business operations. |
| 705(4) | Require, for interim results, a “negative assurance” confirmation from the Board that, to the best of their knowledge, nothing has come to the attention of the Board of directors that may render the financial results to be false or misleading. |
| Extending the role of intermediaries | |
| 113(2)(a) | Increase the sponsorship disclosure requirement (badging) for issue managers from one to two years. |
| PN 2.1 7.1 – 7.3 | Enable SGX to require the appointment of a Compliance Adviser to facilitate the company’s transition to become a listed entity. |
| 246(4) | Require the issue manager to confirm that the directors of an applicant have been informed of their obligations under the listing rules as well as the relevant Singapore laws and regulations. |

| SGX Rule No. | Amendments to SGX Listing Manual Summary and comments |
|---------------------------|--|
| Other enhancements | |
| 210(5)(a) | Increase directors' awareness of listing obligations through on-going orientation programmes. Issuers are required to announce the directors' prior experience or training in the prospectus or via SGXNet. Similar announcements on SGXNet are also required on an on-going basis for the appointment of new directors. |
| 717 | Issuers are required to disclose in the annual report the names of the accounting firm(s) for its subsidiaries and associated companies only if they are considered significant. Previously, this disclosure requirement was applicable to all Singapore incorporated subsidiaries, significant foreign subsidiaries and significant associates. |
| 1207(4) | Improve transparency and disclosure by encouraging issuers to adopt best practices set out in the Operating and Financial Review (OFR) Guide. Issuers are to follow the Guide when preparing the operating and financial review in their annual reports. This will be effective for all AGMs held on or after 1 January 2007. |
| N.A. | Information on the listing fees and other charges for the provision of listing-related services currently in Practice Note 1.1 will be removed from the Listing Manual. This information will be posted on the SGX website. |

Quarterly reporting (QR) requirements

| No. | Requirements |
|------------------------------|--|
| Existing requirements | |
| 1 | Listed companies are subject to mandatory QR if their market capitalisation exceeds \$75 million on 31 March 2003 (or based on their IPO price if they are listed later). |
| 2 | 45-day reporting deadline for Q1, Q2 and Q3 results, and 60 days for annual results. The Q1, Q2 and Q3 reports are required to follow a consistent format. |
| New requirements | |
| 1 | Listed companies with market capitalisation of \$75 million or more have to continue with QR. In addition, market capitalisation of exempt companies will be reviewed at the end of each calendar year, starting from 31 December 2006, and that these companies will be subject to mandatory QR if their market capitalisation exceeds \$75 million. Under the new arrangement, a listed company whose market capitalisation crosses the \$75 million threshold, as calculated at each calendar year-end, will have a grace period of a year to prepare for QR. For instance, a company with market capitalisation exceeding \$75 million on 31 December 2006 will be required to submit its first quarterly financial statement for the quarter ending 31 March 2008. |
| 2 | If a listed company's market capitalisation falls below \$75 million subsequently, it will not be exempted from mandatory QR. However, under exceptional circumstances, companies may seek exemptions from SGX on a case-by-case basis. |

Revised Code of Corporate Governance 2005

The revised Code of Corporate Governance 2005 was issued in July 2005 and involves changes with respect to the structure of the Code, board matters, remuneration matters, accountability and audit, as well as communication with shareholders. We had covered the key changes and salient points of the revised Code 2005 in our previous edition of this publication.

Listed companies should disclose their corporate governance practices and give explanations for deviations from the Code of Corporate Governance 2005 in their annual reports for Annual General Meetings held from 1 January 2007 onwards.

Section III: Auditing pronouncements issued by ICPAS

SSA 230 Audit Documentation

To establish the level and completeness of documentation, the revised SSA 230 requires that the auditor prepares audit documentation sufficient to allow an experienced auditor, who has had no previous connection with the audit, to understand the audit work performed, the audit evidence obtained, the significant matters arising during the audit, and the conclusions reached.

The revised standard also establishes clear responsibilities for the auditor to assemble the final audit file on a timely basis and sets out specific rules regarding deletions, modifications or additions to audit documentation after the date of the auditor's report. The guidance proposes that the date on which the assembling of the audit file is finally completed is ordinarily not more than 60 days from the date of the auditor's report. After this date, the standard requires the auditor not to delete or discard audit documentation, and to appropriately document any subsequent changes.

A minimum retention period of five years from the date of the auditor's report is recommended.

This SSA is effective for audits of financial information for periods beginning on or after 15 June 2006.

SSA 700 The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements

The revised SSA 700 limits its scope to an unqualified opinion. Guidance and standards on modified and emphasis of matter reports are now contained in the new SSA 701 (see below) – with various conforming amendments to various other SSAs.

The scope paragraph on management's responsibilities has been expanded to include responsibilities over designing, implementing and maintaining internal control, selecting and applying appropriate accounting policies as well as making accounting estimates that are reasonable.

The scope paragraph on auditors' responsibilities has been expanded to include responsibilities over compliance with ethical requirements and consideration of internal controls relevant to the financial reporting as part of risk assessment and in planning audit procedures.

Auditors are requested to comply with the auditing standards contained in this SSA in respect of auditor's reports dated on or after 31 December 2006.

SSA 701 Modifications to the Independent Auditor's Report

SSA 701 establishes standards and provide guidance on the circumstances when the independent auditor's report should be modified and the form and the content of the modifications to the auditor's report. Those guidance were previously covered in the SSA 700.

This SSA is effective for auditor's reports dated on or after 31 December 2006.

SSRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity

This SSRE outlines the general principles of a review of interim financial information. It provides guidance on the inquiries, analytical and other review procedures to be performed by the auditor and prescribes the content of the review report.

This standard differs from SSRE 2400 *Engagements to Review Financial Statements* in terms of:

Scope

SSRE 2410 applies to the review of interim financial information (i.e. for a period shorter than the entity's financial year) whereas SSRE 2400 applies to the review of financial statements and to the extent practicable, of other information.

Application

SSRE 2410 applies to the independent auditor of the financial statements of the entity whereas SSRE 2400 applies to a practitioner who is engaged to perform a review of interim financial information but does not undertake the audit of the entity.

This SSRE is effective for reviews of interim financial information for periods beginning on or after 15 December 2006. Earlier adoption of the SSRE is permissible. SAP 11 *Review of Interim Financial Information* will continue to be effective until SSRE 2410 becomes effective.

Audit Guidance Statements (AGS) issued in 2006

In June 2006, ICPAS announced that certain Statements of Auditing Practice (SAPs) and certain appendices to SSAs will be renamed as Audit Guidance Statements (AGSs).

These include:-

- Existing Statements of Auditing Practice (SAPs) that do not have an international equivalent, except for SAP 11 *Review of Interim Financial Information*, SAP 19 *The Auditor's Role and Responsibilities in relation to the Prevention, Detection and Reporting of Money Laundering*, SAP 24 *Auditors and Public Offering Documents* and SAP 25 *Audit of Listed Companies* which will remain as SAPs.
- Sample auditor's reports in the Appendices of SSAs that do not have an equivalent international auditing pronouncement.

AGSs are issued as best practice to provide practical assistance to auditors on matters of relevance in Singapore that are not covered by the Singapore Standards or by Statements of Auditing Practice (SAPs). ICPAS encourages its members to comply with the guidance found in the AGSs.

Resources:

IASPlus – www.iasplus.com - provides Deloitte IFRS e-Learning modules, newsletters, IAS/IFRS model financial statements and disclosure checklist and a wealth of information on IAS/IFRS projects and issues, with a section for country specific updates.

Deloitte Touche Tohmatsu – www.deloitte.com - the firm's global website provides a global e-library and links to our websites of our offices around the world.

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