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Illustrative Financial Statements 2023

Singapore

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GAAP Singapore Ltd and its subsidiaries

(Registration No. 200001999A)

Directors' statement and financial statements

Year ended December 31, 2023

Preface

Scope

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

GAAP Singapore Ltd presented its consolidated financial statements in accordance with Singapore Financial Reporting Standards (International) ('SFRS(I)s').

Effective date

The illustrative financial statements include the disclosures required by the Companies Act 1967, SGX-ST Listing Manual, SFRS(I)s and Interpretations of SFRS(I) ('SFRS(I) INT') that are issued as at November 30, 2023.

Standards issued but not yet effective as at December 31, 2023 have not been early adopted in these illustrative financial statements.

Illustrative in nature

The sample disclosures in this set of illustrative financial statements should not be considered to be the only acceptable form of presentation and should not be used as a template. The form and content of each reporting entity's financial statements are the responsibility of the entity's directors and management, and other forms of presentation which are equally acceptable may be preferred and adopted, provided they include the specific disclosures prescribed in the Companies Act 1967, SGX-ST Listing Manual, SFRS(I)s and SFRS(I) INTs.

For the purposes of presenting the statement of profit or loss and other comprehensive income, GAAP Singapore Ltd elected to present a single statement for which the expenses are aggregated according to their function. For the statement of cash flows, the indirect method of reporting cash flows from operating activities was used. Alternative presentation format is also available under SFRS(I)s. Preparers of financial statements should select the presentation method most appropriate to their circumstances and apply consistently.

Where material accounting policy information, judgements and estimates are specific to a line item in the financial statements, they are described within the note for that line item. The notes to financial statements are grouped into the following sections: General information, Group performance, Operating assets and liabilities, Financial instruments and financial risks, Capital structure, Group structure, and Others, to better organise and communicate information in a clear and concise manner.

The illustrative financial statements contain general information and are not intended to be a substitute for reading the legislation or accounting standards themselves, or for professional judgement as to adequacy of disclosures and fairness of presentation. They do not encompass all possible disclosures required by the Companies Act 1967, SGX-ST Listing Manual, SFRS(I)s and SFRS(I) INTs. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws and accounting standards and securities exchange regulations in Singapore.

Preface

Guidance notes

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

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

Abbreviations used

References are made in this publication to the Companies Act 1967, Singapore accounting pronouncements, guidelines and SGX-ST listing rules that require a particular disclosure or accounting treatment. The abbreviations used to identify the source of authority are as follows:

AD	Agenda Decision issued by the IFRS IC
Alt	Alternative
App	Appendix
ACRA	Accounting and Corporate Regulatory Authority of Singapore
ASC	Accounting Standards Committee of the ACRA
CA	Companies Act 1967
CCG	Code of Corporate Governance
IAS	International Accounting Standards issued by the IASB
IASB	International Accounting Standards Board
IFRIC	Interpretation of International Financial Reporting Standards issued by the IFRS IC
IFRS	International Financial Reporting Standards issued by the IASB
IFRS IC	IFRS Interpretations Committee
ISCA	Institute of Singapore Chartered Accountants
ISSB	International Sustainability Standards Board
LM	Singapore Exchange Securities Trading (SGX-ST) Listing Manual
RAP	Recommended Accounting Practice issued by the ISCA
Sch	Schedule
SFRS(I)	Singapore Financial Reporting Standards (International) issued by the ASC
SFRS(I) PS	SFRS(I) Practice Statement
SFRS(I) INT	Interpretation of Singapore Financial Reporting Standards (International) issued by the ASC
SSA	Singapore Standards on Auditing

Summary of key changes from the 2022 version of the Illustrative Financial Statements

The following key changes have been made in the 2023 version:

Presentation of primary financial statements

Statement of profit or loss and other comprehensive income is presented using the format to aggregate expenses according to their function and statement of cash flows is presented using the indirect method of reporting cash flows from operating activities.

Organisation of notes to the financial statements

Notes to the financial statements have been reordered to aid navigation through the financial statements and are grouped into the following sections: General information, Group performance, Operating assets and liabilities, Financial instruments and financial risks, Capital structure, Group structure, and Others, to better organise and communicate information in a clear and concise manner.

Where material accounting policy information, judgements and estimates are specific to a line item in the financial statements, they are described within the note for that line item. Note 1.3 sets out the material accounting policy information upon which the illustrative financial statements are prepared as a whole and other material accounting policy information not otherwise described in the notes to the financial statements. The illustrative financial statements are also streamlined to include only information assumed to be material and relevant in the context of this fictitious group of companies.

The illustrations in this set of illustrative financial statements do not constitute a best-practice guide or show the only way to improve communication in an entity's financial statements.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

Financial reporting impacts of climate-related matters

Disclosures of financial reporting impacts arising from climate-related matters are included in the relevant notes to explain how the group is affected by climate change.

Climate change is a topic in which investors and other stakeholders are increasingly interested because of its potential effect on companies' business models, cash flows, financial position and financial performance. SFRS(I)s do not refer explicitly to climate-related matters. However, companies are expected to consider climate-related matters in applying the accounting standards when the effect of those matters is material in the context of the financial statements taken as a whole.

Companies may find the SFRS(I) Practice Statement 2 *Making Materiality Judgements* useful in assessing whether the effect of climate-related matters is material. Information about how management has considered climate-related matters in preparing a company's financial statements may be material with respect to the most significant judgements and estimates that management has made.

In addition, SFRS(I) 1-1 *Presentation of Financial Statements* contains some overarching requirements that could be relevant when considering climate-related matters. For example, paragraph 112 of SFRS(I) 1-1 requires disclosure of information not specifically required by SFRS(I)s and not presented elsewhere in the financial statements but that is relevant to an understanding of any of the financial statements. This paragraph, together with paragraph 31 of SFRS(I) 1-1, requires a company to consider whether any material information is missing from its financial statements—i.e. a company is required to consider whether to provide additional disclosures when compliance with the specific requirements in SFRS(I)s is insufficient to enable investors to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance.

Companies will therefore need to consider whether to provide additional disclosures when compliance with the specific requirements in SFRS(I)s is insufficient to enable investors to understand the impact of climate-related matters on the company's financial position and financial performance. These overarching requirements in SFRS(I) 1-1 may be especially relevant for companies whose financial position or financial performance is particularly affected by climate-related matters.

The table in **Appendix A** gives an overview on areas of the illustrative financial statements that may be affected by climate change and disclosures should be adapted to explain how the group affects and/or is affected by climate change.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

New and revised SFRS(I) pronouncements

The following section covers:

- an overview of new and revised SFRS(I)s that are mandatorily effective for the year ending December 31, 2023; and

- an overview of new and revised SFRS(I)s that are not yet mandatorily effective but allow early application for the year ending December 31, 2023.

For this purpose, the discussion below reflects a cut-off date of November 30, 2023. The potential impact of the application of any new and revised SFRS(I)s and SFRS(I) INTs issued after November 30, 2023 but before the financial statements are issued should also be considered and disclosed.

Mandatorily effective for the year ending December 31, 2023

The following is the list of revised SFRS(I)s that are mandatorily effective for the annual period beginning on or after January 1, 2023.

Guidance notes

See Note 1.2 for the illustrative disclosures on the effects of the adoption of the new and revised SFRS(I) pronouncements that are mandatorily effective for the year ending December 31, 2023.

SFRS(I) 17 *Insurance Contracts*

SFRS(I) 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes SFRS(I) 4 *Insurance Contracts*.

An entity shall apply SFRS(I) 17 to:
- Insurance contracts, including reinsurance contracts it issues;
- reinsurance contracts it holds; and
- investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

Some contracts meet the definition of an insurance contract but have as their primary purpose the provision of services for a fixed fee. Such issued contracts are in the scope of the standard, unless an entity chooses to apply SFRS(I) 15 to these contracts, provided certain criteria are met.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

SFRS(I) 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

SFRS(I) 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*

The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples are also issued to explain and demonstrate the application of the 'four-step materiality process' described in SFRS(I) Practice Statement 2.

The amendments to SFRS(I) 1-1 are applied prospectively. As the amendments to SFRS(I) Practice Statement 2 provide non-mandatory guidance on the application of the definition of material accounting policy information, it does not include an effective date or transition requirements.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'.

The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates was retained in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error; and

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023.

Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying SFRS(I) 16 at the commencement date of a lease.

Following the amendments to SFRS(I) 1-12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in SFRS(I) 1-12.

An illustrative example was also added to SFRS(I) 1-12 that explains how the amendments are applied.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities; and
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset, and

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*

The scope of SFRS(I) 1-12 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in SFRS(I) 1-12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity is required to disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation.

An entity is required to disclose qualitative and quantitative information about an entity's exposure to Pillar Two income taxes at the end of the reporting period. Such information does not need to reflect all the specific requirements of the legislation and could be provided in the form of an indicative range. To the extent information is not known or reasonably estimable, an entity should instead disclose a statement to that effect and information about its progress in assessing its exposure.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

Examples of information an entity could disclose to meet these disclosure requirements include:

- Qualitative information such as information about how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist;

- Quantitative information such as:
  - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
  - An indication of how the entity's average effective tax rate would have changed if Pillar Two legislation had been in effect.

An entity is required to apply the exception and to disclose that it has applied the exception immediately upon issuance of the amendments on May 23, 2023 and apply them retrospectively in accordance with SFRS(I) 1-8. The remaining disclosure requirements are required for annual reporting periods beginning on or after January 1, 2023.

Guidance notes

OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS)
In March 2022, the OECD released technical guidance on its 15% global minimum tax agreed as the second 'pillar' of a project to address the tax challenges arising from digitalisation of the economy. This guidance elaborates on the application and operation of the Global Anti-Base Erosion (GloBE) Rules agreed and released in December 2021 which lay out a co-ordinated system to ensure that Multinational Enterprises (MNEs) with revenues above €750 million pay tax of at least 15% on the income arising in each of the jurisdictions in which they operate.

Various jurisdictions have started the process of enacting tax legislation to implement the Pillar Two model rules. Entities that may be subject to the rules will need to monitor the legislation process in the jurisdictions in which they operate and assess whether the Pillar Two legislation has been enacted (or substantively enacted) in any such jurisdictions. Entities should pro-actively perform the assessment of known or estimated future Pillar Two tax exposures to meet the disclosure requirements under the Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules* for periods in which the Pillar Two legislation is enacted or substantively enacted but not yet in effect.

Summary of key changes from the 2022 version of the Illustrative Financial Statements

Not yet mandatorily effective but early application allowed for the year ending December 31, 2023

The following is the list of new and revised SFRS(I)s that are not yet mandatorily effective for the year ending December 31, 2023 but early application is permitted.

Guidance notes

See Note 7.9 for the illustrative disclosures on the effects of the new SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) that are issued but not effective at the date of authorisation of financial statements. The list is updated to November 30, 2023.

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

Summary of key changes from the 2022 version of the Illustrative Financial Statements

Guidance notes

Geopolitical and macroeconomic uncertainties

Political events and sanctions are continually changing and differ across the globe. While entities with operations and investments in the affected jurisdictions were directly impacted, other entities have also experienced the indirect impact to varying extent. The severity and duration from geopolitical uncertainties could have significant impact on an entity's assets and liabilities. Entities must carefully consider their unique circumstances and risk exposures when analysing how the geopolitical uncertainties may affect their financial reporting. Specifically, financial reporting and related financial statement disclosures need to convey all material current or potential effects of such events. Those impact related to the following topics could be among the most pervasive and challenging:

- Supply-chain disruptions
- Preparation of forecast cash flow estimates
- Recoverability and impairment of assets
- Loss of control, joint control or the ability to exercise significant influence, or cessation of operations
- Foreign currency
- Events after the end of the reporting period
- Going concern

Supply-chain disruptions have also pushed up energy, agricultural and commodity prices globally and inflationary pressures were intensified by overall manpower shortages and an increase in labour costs. To curb inflation, central banks around the world have tightened their monetary policies. Rising interest rates would likely lead to higher discount rates being used to compute value in use or fair value less costs of disposal and a lower recoverable amount could lead to impairment loss. Both interest rates and inflation can also lead to additional exposure to credit losses as borrower's ability to repay their obligations is reduced. Entities which are highly leveraged and dependent on debt financing should also evaluate if they are still able to service their debt obligations and interest payments with the rising interest rates and this may have an impact on the entity's going concern assessment and classification of liabilities. Impact arising from supply-chain disruptions, increasing operation costs, loss of customers and overall economic uncertainty should be considered concurrently with the impact of rising interest rates when entities perform going concern assessment.

The events in the banking sector in the USA and Europe in 2023 may result in a tightening of the credit conditions beyond what had already been observed. As a result, entities (particularly, financial institutions) regardless of their exposure to the failed banks, should ensure that they are disclosing, in a timely manner, information about their liquidity risk, as required by SFRS(I) 7, and going concern and significant judgements, as required by SFRS(I) 1-1.

Content

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Directors' statement

Source

GAAP Singapore Ltd and its subsidiaries
Directors' statement

CA 201(16) The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2023.(1)

CA Sch(12)
CA Sch(12)(1)(a)
CA Sch(12)(1)(b)

In the opinion of the directors(2), the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 22 to 257 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at December 31, 2023, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

CA Sch(12)(7)

1 Directors(3)

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

Ang Boey Chwee	
Desmond Ee Fong Guan	
Heng Ing Jong	
Kenneth Lim Meng Nam	(Appointed on July 11, 2023)
Ooi Puay Quan	(Appointed on September 7, 2023)
Raymond See Teoh Ung	(Appointed on November 6, 2023)
Vanessa Wong Xiao Ying	(Alternate to Ang Boey Chwee and appointed on January 3, 2023)

CA Sch(12)(8)(a)
CA Sch(12)(8)(b)

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except for the options mentioned in paragraph 4 of the Directors' statement.

Directors’ statement

Source

GAAP Singapore Ltd and its subsidiaries
Directors’ statement

CA Sch(12)(9)(a)
CA Sch(12)(9)(b)
CA 164

3 Directors’ interests in shares and debentures[(4)]

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors’ shareholdings kept by the company under section 164 of the Companies Act 1967 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
GAAP Singapore Ltd (Ordinary shares)				
Ang Boey Chwee	40,000,000	50,000,000	250,000	250,000
Kenneth Lim Meng Nam	100,000	575,000	-	-
Raymond See Teoh Ung	-	25,000	-	-
GAAP Holdings Ltd (Ordinary shares)				
Ang Boey Chwee	10,000	10,000	-	-
GAAP Pacific Inc. (Ordinary shares)				
Raymond See Teoh Ung	1,000	1,000	-	-

CA 7
CA 164

By virtue of section 7 of the Companies Act 1967, Mr Ang Boey Chwee is deemed to have an interest in all the related corporations of the company.

LM 1207(7)

The directors’ interests in the shares and options of the company at January 21, 2024 were the same at December 31, 2023.

Directors' statement

Source

GAAP Singapore Ltd and its subsidiaries
Directors' statement

CA Sch(12)(4) **4 Share options[5]**

(a) ***Options to take up unissued shares***

LM 843(3) The Employee Share Option Scheme (the 'Scheme') in respect of unissued ordinary shares in the company was approved by the shareholders of the company at an Extraordinary General Meeting held on March 15, 2017.

LM 852(1)(a) The scheme is administered by the Remuneration and Share Option Committee whose members are:

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

LM 849 Mr Kenneth Lim Meng Nam did not participate in any deliberation or decision in respect of the options granted to him.

CA Sch(12)(2)(c)
CA Sch(12)(5)
CA Sch(12)(6)
LM 852(1)(d)
LM 852(2)
LM 845(5)

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

Source

GAAP Singapore Ltd and its subsidiaries
Directors' statement

LM 845(1)
CA Sch(12)(2)(a)
CA Sch(12)(2)(b)
CA Sch(12)(5)
CA Sch(12)(6)

(b) ***Unissued shares under option and options exercised***

The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the company. The number of outstanding share options under the Scheme are as follows:

Number of options to subscribe for ordinary shares of the company

Date of grant	Balance at January 1, 2023	Granted	Exercised	Cancelled/ Lapsed	Outstanding at December 31, 2023	Exercise price per share	Exercisable period
June 30, 2020	2,500,000	-	(650,000)	(61,000)	1,789,000	$4.45	July 1, 2022 to June 30, 2024
June 30, 2022	1,000,000	-	-	-	1,000,000	$4.22	July 1, 2024 to June 30, 2026
December 31, 2022	1,000,000	-	-	-	1,000,000	$4.22	January 1, 2025 to December 31, 2027
March 31, 2023	-	250,000	-	-	250,000	$4.85	April 1, 2025 to March 31, 2027
June 30, 2023	-	1,150,000	-	-	1,150,000	$4.35	July 1, 2025 to June 30, 2027
October 31, 2023	-	300,000	-	-	300,000	$4.84	November 1, 2025 to October 31, 2027
Total	4,500,000	1,700,000	(650,000)	(61,000)	5,489,000		

CA Sch(12)(3)

Particulars of the options granted in 2020 and 2022 under the Scheme were set out in the Directors' statement for the financial year ended December 31, 2020 and December 31, 2022 respectively.

LM 852(1)(c)(ii)

In respect of options granted to employees of related corporations, a total of 920,000 options were granted during the financial year, making it a total of 2,085,000 options granted to employees of related corporations from the commencement of the Scheme to the end of the financial year.

CA Sch(12)(2)(d)
LM 852(1)(b)(iii)
LM 852(2)

Holders of the above share options have no right to participate in any share issues of any other company. No employee or employee of related corporations has received 5% or more of the total options available under this Scheme.

LM 852(1)(b)(ii)
LM 852(2)

There are no options granted to any of the company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

Source

GAAP Singapore Ltd and its subsidiaries
Directors' statement

LM 852(1)(b)(i) The information on directors of the company participating in the Scheme is as follows:

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

5 Audit Committee[6]

CA 201B(9)
CA 201B(2),(3)
CA 201B(5)(a)

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

(a) The audit plans and results of the internal auditor's examination and evaluation of the group's systems of internal accounting controls;

(b) The group's financial and operating results and accounting policies;

(c) The audit plans of the external auditors;

(d) The financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditor's report on those financial statements;

(e) The quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group;

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

(g) The re-appointment of the external auditors of the group.

CA 201B(6) The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

CA 201B(5)(b) The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

Directors' statement

Source

GAAP Singapore Ltd and its subsidiaries
Directors' statement

6 Auditors[7]

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

CA 201(16) On behalf of the directors[8]

Ang Boey Chwee

Desmond Ee Fong Guan

March 15, 2024

Directors’ statement

Source

Guidance notes – Directors’ statement

CA 4

1. Financial year

If the company’s financial year is less than 12 months, the term ‘financial year’ is defined in the first paragraph of the Directors’ statement and therefore the rest of the report can still be ‘year’ and does not require amendment to ‘period’. Where there is a change of financial year end, the reason for the change should be disclosed in the Directors’ statement as well as the notes to the financial statements.

CA Sch(12)(1)

2. Opinion of the directors

A statement is to be made as to whether in the opinion of the directors:

(a) the financial statements and, where applicable, the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, if applicable, of the financial position and performance of the group for the period covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

CA Sch(12)(7)

3. Directors in office at the date of the statement

If a director was appointed during the financial year and up to the date of the Directors’ statement, the date of the appointment, although not required, is recommended to be disclosed clearly to identify the new director. There is no requirement to give details of director(s) who resigned during the financial year and up to the date of the Directors’ statement.

CA Sch(12)(9)(a)
CA Sch(12)(9)(b)
CA 7

4. Directors’ interests in shares and debentures

Directors’ interests include personal holdings, beneficial interest of their immediate family and deemed interests as defined by Section 7 of the Companies Act 1967. Directors’ interests in rights or share options are also to be disclosed accordingly.

If a director resigns after the end of the financial year but before the date of the Directors’ statement, his interest at the end of the financial year should be disclosed.

CA 164(3)

Where the company is a wholly owned subsidiary of another company (the ‘holding company’), the company may be deemed to have complied with section 164 of the Companies Act 1967 in relation to a director who is also a director of that other company if the particulars required by this section to be shown in the register of the company are shown in the register of the holding company. The following should be disclosed:

The directors, Mr/Ms __________ and Mr/Ms ___________ are also directors of GAAP Holdings Ltd, incorporated in Singapore, which owns all the shares of the company. Their interests in shares are recorded in the register of directors’ shareholdings kept under section 164 of the Companies Act 1967 by the holding company and are therefore not disclosed in this statement.

Directors' statement

Source

CA Sch(12)(2)
CA Sch(12)(3)

5. Share options

The disclosures required by section Twelfth Schedule (2) of the Companies Act 1967 relate to options granted by the company. Where any of the disclosures have been made in a previous report, the company need only make reference to that report.

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

(a) The number and class of shares in respect of which the option has been granted;

(b) The date of expiration of the option;

(c) The basis upon which the option may be exercised; and

(d) Whether the person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

CA Sch(12)(4)

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

CA Sch(12)(2)

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

CA Sch(12)(5)

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

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

If no options were exercised during the financial year, the following should be disclosed:

Options exercised
During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

CA Sch(12)(6)

If there are no unissued shares under option at the end of the financial year, the following should be disclosed:

Unissued shares under option
At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

Directors’ statement

Source

Source	
CA 201B(1) CA 201B(9)	**6. Audit committee** Every listed company shall have an audit committee. For listed companies, the details and functions of the audit committee should be disclosed in the Directors’ statement if the statutory accounts (which would not contain a section on corporate governance), rather than the annual report, is filed with the Accounting and Corporate Regulatory Authority of Singapore.
	7. Auditor The information on the auditor is not compulsory, but it is often disclosed.
CA 201(9)(a) CA 201(16) LM 707	**8. Dating and signing of the Directors’ statement** The phrase ‘On behalf of the directors’ is not necessary if the company only has 2 directors. The Directors’ statement shall be made out not less than 14 days before the date of the company’s annual general meeting (‘AGM’). The report shall be made in accordance with a resolution of the board of directors, which will specify the day on which it is to be made out and be signed by 2 directors.
CA 175(1)(a),(b) LM App 2.2(10)	AGMs should be held within 4 and 6 months of the end of each financial year for listed and non-listed companies respectively.

Independent auditor's report

Source

SSA 700R(21-22) **Independent Auditor's Report to the members[1] of GAAP Singapore Ltd**

SSA 700R(45) **Report on the Audit of the Financial Statements[2]**

SSA 700R(23) **Opinion[3],[4],[5]**

SSA 700R(24-27) We have audited the financial statements of GAAP Singapore Ltd (the 'company') and its subsidiaries (the 'group'), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 22 to 257.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the 'Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

SSA 700R(28) **Basis for Opinion[5]**

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Material Uncertainty Related to Going Concern[5],[6a]]

[Include 'Material Uncertainty Related to Going Concern' section and the related disclosures, if applicable.]

Independent auditor's report

Source

SSA 700R(21-22)	**Independent Auditor's Report to the members[1] of GAAP Singapore Ltd**
SSA 700R(30-31)	**Key Audit Matters[5],[6b],[7]**
SSA 701(11)	Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
SSA 701(13)	*[Description of each key audit matter in accordance with SSA 701 Communicating Key Audit Matters in the Independent Auditor's Report.]*

Key audit matter(s)	How the matter was addressed in the audit
Description of key audit matter shall • *include a reference to the related disclosure(s), if any, in the financial statements; and* • *address why the matter was considered to be one of most significance in the audit and therefore determined to be a key audit matter.*	*To describe how the key audit matter was addressed in the audit.*

[Other Matter[5],[8]]

[Include 'Other Matter' section and the related disclosures, if applicable.]

SSA 700R(32)	**Information Other than the Financial Statements and Auditor's Report Thereon[5],[7],[9]**
SSA 720R(21-22) SSA 720R(A53)	*[In accordance with SSA 720 The Auditor's Responsibilities Relating to Other Information, a separate section is required to report on other information, whether financial or non-financial information (other than financial statements and the auditor's report thereon), included in an entity's annual report, regardless of whether the other information is obtained by the auditor prior to, or after, the date of the auditor's report. Please refer to Guidance notes – Independent auditor's report for illustrative examples.]*
SSA 700R(33)	**Responsibilities of Management and Directors for the Financial Statements**
SSA 700R(34-36)	Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Independent auditor's report

Source	
SSA 700R(21-22)	**Independent Auditor's Report to the members[1] of GAAP Singapore Ltd**
SSA 700R(37)	**Auditor's Responsibilities for the Audit of the Financial Statements[10]**
SSA 700R(38-40)	Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
	As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
	(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
	(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
	(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
ISCA FAQ 7 (June 2018)	(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern[10a].
	(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
	(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion[10b].
	We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Source

SSA 700R(21-22) **Independent Auditor's Report to the members[1] of GAAP Singapore Ltd**

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards[10c].

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication[10d].

SSA 700R(43) **Report on Other Legal and Regulatory Requirements**

CA 207(2)(b), SSA 700R(A58) In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

SSA 700R(46) The engagement partner on the audit resulting in this independent auditor's report is [name][11].

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore[12]

March 15, 2024[13]

Independent auditor's report

Source

Guidance notes – Independent auditor's report

SSA 700R(22), CA 207(1)

1. Addressee

The independent auditor's report should be appropriately addressed as required by the circumstances of the engagement and local regulations. The report is ordinarily addressed to those for whom the report is prepared, often either to the shareholders or to those charged with governance of the company. For Singapore-incorporated companies, the report is required to be addressed to members of the company in accordance with CA 207(1).

SSA 700R Illustration 2

2. Sub-title

The sub-title 'Report on the Audit of the Financial Statements' is unnecessary in circumstances when the second sub-title 'Report on Other Legal and Regulatory Requirements' is not applicable.

ISCA FAQ 5 (April 2018)

3. For financial statements prepared in accordance with SFRS(I)s and International Financial Reporting Standards (IFRS Accounting Standards)

For an entity that has elected to state simultaneous compliance with both SFRS(I)s and International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) in its financial statements since the initial adoption of SFRS(I)s, the following options for presentation of the audit opinions would apply.

Option 1: Presentation of the audit opinions in a single sentence

Opinion

We have audited the financial statements of GAAP Singapore Ltd (the 'company') and its subsidiaries (the 'group'), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages [x] to [x].

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the 'Act'), Singapore Financial Reporting Standards (International) ('SFRS(I)s') and International Financial Reporting Standards (IFRS Accounting Standards) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Independent auditor’s report

Source

<u>Option 2: Presentation of the audit opinions separately</u>

Opinion

We have audited the financial statements of GAAP Singapore Ltd (the ‘company’) and its subsidiaries (the ‘group’), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages [x] to [x].

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the ‘Act’) and Singapore Financial Reporting Standards (International) (‘SFRS(I)s’) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year ended on that date.

Separate opinion in relation to International Financial Reporting Standards (IFRS Accounting Standards)

As explained in Note [x] to the financial statements, the group and the company, in addition to applying SFRS(I)s, have also applied International Financial Reporting Standards (IFRS Accounting Standards).

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the changes in equity of the company for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Source

Under both options, the 'Responsibilities of Management and Directors for the Financial Statements' section of the auditor's report would also be amended as follows:

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and International Financial Reporting Standards (IFRS Accounting Standards), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

SSA 700R
Illustration 2

4. For group and holding companies only
Where the complete set of financial statements of the company is also presented, the following opinion paragraphs would be appropriate:

Opinion

We have audited the financial statements of GAAP Singapore Ltd (the 'company') and its subsidiaries (the 'group'), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages [x] to [x].

In our opinion, the accompanying consolidated financial statements of the group and the financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the 'Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

5. Ordering and placement of sections in the Auditor's Report
The 'Opinion' section must be presented first in the auditor's report and immediately followed by the 'Basis for Opinion' section. The ordering of the remaining sections in the auditor's report may be determined based on the auditor's judgement on the relative importance of the matters discussed in the remaining sections.

Independent auditor’s report

Source

Source	
SSA 570R(22)	**6a. Material uncertainty related to going concern** In accordance with SSA 570(R) *Going Concern*, when use of going concern basis of accounting is appropriate but a material uncertainty exists, and if adequate disclosure about the material uncertainty is made in the financial statements, a separate section under the heading ‘Material Uncertainty Related to Going Concern’ shall be required to be made in the auditor’s report. This section would ordinarily be included before the section of Key Audit Matters.
SSA 570R(20) SSA 570R(A24) SSA 570R(A25) SSA 701(A41)	**6b. ‘Close call’ related to going concern** When there are events or conditions identified that may cast significant doubt on the group and company’s ability to continue as a going concern, but based on the audit evidence obtained the auditor concludes that no material uncertainty exists, the auditor may determine that one or more matters relating to this conclusion arising from the auditor’s work effort under SSA570(R) are key audit matters.
SSA 700R(30-31)	**7. Key audit matters** The Key Audit Matters section is required for listed entities only. When the auditor is otherwise required by law or regulation or decides to communicate key audit matters in the independent auditor’s report, the auditor shall do so in accordance with SSA 701.
SSA 570R Illustration 1	When there is material uncertainty related to going concern, the following paragraph shall be used under the Key Audit Matters section instead: *Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.*
SSA 705R Illustration 1	When a qualified or adverse opinion on the financial statements is issued, the following paragraph shall be used under the Key Audit Matters section instead: *Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified/Adverse Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.*
SSA 701(A6) SSA 701(A58)	Note: When a qualified or adverse opinion is expressed, and/or Material Uncertainty Related to Going Concern section is included, there may be no other matters identified as key audit matters. In such a situation, the following paragraph should be used under the Key Audit Matters section: *Except for the matter described in the Basis for Qualified/Adverse Opinion section and/or Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.*

Independent auditor’s report

Source

SSA 705R(28)

When a disclaimer of opinion on the financial statements is issued, the independent auditor’s report shall not include a Key Audit Matters section in accordance with SSA 701 or an Other Information section in accordance with SSA 720(R).

8. First year engagements

For first year engagements, the following shall be added to the independent auditor’s report if the financial statements for the preceding year had an unmodified opinion issued by the predecessor auditors:

SSA 710(17)
Illustration 3

Other Matter

The financial statements of the group and the company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on Mm, Dd, Yyyy.

SSA 710(17)

If the predecessor auditor’s opinion was modified, the following shall be added:

The financial statements of the group and the company for the year ended December 31, 2022 were audited by another auditor who expressed a/an qualified/adverse/disclaimer of opinion on those financial statements on Mm, Dd, Yyyy as extracted below:

<<Quote modification by predecessor auditors>>

9. Information other than the financial statements and auditor’s report thereon

SSA 720R (21)

The auditor’s report shall include ‘Information other than the financial Statements and auditor’s report thereon’ section at the date of the auditor’s report:-

(i) For an audit of financial statements of a listed entity, the auditor has obtained, or expects to obtain the other information; or

(ii) For an audit of financial statements of an entity other than a listed entity, the auditor has obtained some or all of the other information.

SSA 720R (22)

SSA 720R requires an identification of other information (included in an entity’s annual report), if any, obtained by the auditor prior to the date of the auditor’s report; and for an audit of financial statements of a listed entity, other information, if any, expected to be obtained after the date of the auditor’s report. For 9(i) above, a more specific description of the other information expected to be obtained after the date of auditor’s report, such as ‘Chairman’s Statement, Operating and Financial Review, Sustainability and Climate Reporting’ shall be disclosed.

Illustrative disclosures depending on the circumstances are provided below.

Independent auditor's report

Source

SSA 720R Illustration 1	<u>For an independent auditor's report of any Singapore incorporated company, whether listed or other than listed, containing an unmodified opinion when the auditor has obtained all of the other information prior to the date of the auditor's report and has not identified a material misstatement of the other information, to disclose the following:</u> *Management is responsible for the other information. The other information comprises the [information included in the X report, but does not include the financial statements and our auditor's report thereon.]* *Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.* *In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.*
SSA 720R Illustration 2 Illustration 3	<u>For an independent auditor's report of a Singapore incorporated company, whether listed or other than listed, containing an unmodified opinion when the auditor has obtained part of the other information prior to the date of the auditor's report, has not identified a material misstatement of the other information, and expects to obtain other information after the date of the auditor's report, to disclose the following:</u> *Management is responsible for the other information. The other information comprises the [X report but does not include the financial statements and our auditor's report thereon], which we obtained prior to the date of this auditor's report, and the Y report, which is expected to be made available to us after that date.* *(Note: If the company is not a listed company, replace this paragraph with 'Management is responsible for the other information. The other information obtained at the date of this auditor's report is [information included in the X report, but does not include the financial statements and our auditor's report thereon.]')* *Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.* *In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.* *If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.* *When we read the Y report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to directors and take appropriate actions in accordance with SSAs. (Note: Remove this paragraph if the company is not a listed company.)*

Independent auditor's report

Source

Source	
SSA 720R Illustration 4	<u>For an independent auditor's report of a Singapore incorporated listed company containing an unmodified opinion when the auditor has obtained no other information prior to the date of the auditor's report but expects to obtain other information after the date of the auditor's report, to disclose the following:</u> *Management is responsible for the other information. The other information comprises the [information included in the X report, but does not include the financial statements and our auditor's report thereon]. The X report is expected to be made available to us after the date of this auditor's report.* *Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.* *In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.* *When we read the X report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to directors and take appropriate actions in accordance with SSAs.*
SSA 720R Illustration 5	NOTE: Depending on the Key Audit Matters discussed, when a material misstatement of the other information exists, the Other Information section including the description of material misstatement of the other information may be included before the section of Key Audit Matters. For other specimens of modified reports and material misstatements identified in other information, refer to SSA 720 *The Auditor's Responsibilities Relating to Other Information*. **10. Auditor's Responsibilities for the Audit of the Financial Statements**
SSA 570R(A27) ISCA FAQ 7 (June 2018)	**10a. Financial statements prepared on a basis other than going concern** For paragraph (d), where the financial statements are prepared on a basis other than going concern, the description of the auditor's responsibilities relating to going concern should be tailored accordingly so as to provide relevant and useful information to users of the financial statements and the auditor's report thereon. An example of how the auditor's responsibilities can be described is provided below for reference. The auditor should tailor the wordings as appropriate depending on the circumstances. *Conclude on the appropriateness of management's use of the going concern basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude whether the alternative basis used by management is acceptable in the circumstances. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.*
SSA 700R(39)(c)	**10b.** This paragraph in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section is required only when SSA 600 *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* applies.

Independent auditor's report

Source

Source	
SSA 700R(40)(b)	**10c.** This paragraph in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section is required for audits of financial statements of listed entities only.
SSA 700R(40)(c)	**10d.** This paragraph in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section is required for audits of financial statements of listed entities and any other entities for which key audit matters are communicated in accordance with SSA 701.
SSA 700R(46)	**11. Name of audit partner** The name of the engagement partner shall be included in the independent auditor's report on financial statements of listed entities unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat. In the rare circumstances that the auditor intends not to include the name of the engagement partner in the auditor's report, the auditor shall discuss this intention with those charged with governance to inform the auditor's assessment of the likelihood and severity of a significant personal security threat.
LM 713(1)	The listing manual requires an issuer to disclose in its annual report the date of appointment and the name of the audit partner in charge of auditing the issuer and its group of companies. An issuer may typically disclose this information in the corporate information section of its annual report.
SSA 700R(48)	**12. Auditor's address** The report should name a specific location, which is ordinarily the city where the auditor maintains the office that has responsibility for the audit.
SSA 700R(49) SSA 700R(49)	**13. Date of independent auditor's report** The auditor should date the report on the financial statements no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements and those with the recognised authority have asserted that they have taken responsibility for those financial statements.
SSA 700R(A67)	Since the auditor's opinion is provided on the financial statements and the financial statements are the responsibility of management and directors, the auditor is not in a position to conclude that sufficient appropriate audit evidence has been obtained until the auditor obtains evidence that a complete set of financial statements have been prepared and management and directors have accepted responsibility for them.
CA 201(9)(a)	The directors shall take reasonable steps to ensure that the financial statements are audited not less than 14 days before the annual general meeting of the company.
	14. Other specimens and modified reports For other specimens and modified reports, refer to SSA 700R, SSA 701, SSA 705R, SSA 706R, SSA 710, SSA 720R and AGS 1.

Consolidated statement of profit or loss and other comprehensive income

Source

SFRS(I) 1-1.51(a),(b) **GAAP Singapore Ltd and its subsidiaries**

SFRS(I) 1-1.10(b)
SFRS(I) 1-1.51(c)
LM 1207(5)(a)
CA 201(5)(a)

Consolidated statement of profit or loss and other comprehensive income[1]
Year ended December 31, 2023

Source		Note	Group 2023 $'000	Group 2022 $'000
SFRS(I) 1-1:113 SFRS(I) 1-1:51(d),(e)	**Continuing operations**			
SFRS(I) 1-1:82(a) SFRS(I) 15:113(a)	Revenue	2.2	864,004	727,697
SFRS(I) 1-1:99-103	Cost of sales		(659,295)	(564,196)
SFRS(I) 1-1:85 SFRS(I) 1-1:85A SFRS(I) 1-1:85B	Gross profit		204,709	163,501
SFRS(I) 1-1:85	Other operating income		2,892	3,745
SFRS(I) 1-1:99-103	Distribution costs		(64,726)	(43,606)
SFRS(I) 1-1:99-103	Administrative expenses		(56,119)	(49,365)
SFRS(I) 1-1:99-103	Other operating expenses		(38,634)	(36,331)
SFRS(I) 1-1:82(c)	Share of results of associates and joint venture		1,270	1,517
SFRS(I) 1-1:82(a)	Finance income - interest income	2.3	1,354	1,135
	Finance income - others	2.3	1,086	1,132
SFRS(I) 1-1:82(ba)	Impairment losses (including reversals of impairment losses) on financial assets and contract assets[3]	2.8	(3,577)	(253)
SFRS(I) 1-1:85	Other gains and losses	2.4	282	723
SFRS(I) 1-1:82(b) SFRS(I) 16:49	Finance costs	2.5	(12,162)	(16,508)
SFRS(I) 1-1:85 SFRS(I) 1-1:85A SFRS(I) 1-1:85B	Profit before tax		36,375	25,690
SFRS(I) 1-1:82(d) SFRS(I) 1-12:77	Income tax expense	2.6	(6,166)	(3,810)
SFRS(I) 1-1:85 SFRS(I) 1-1:85A SFRS(I) 1-1:85B	Profit for the year from continuing operations		30,209	21,880
	Discontinued operation[5]			
SFRS(I) 1-1:82(ea) SFRS(I) 5:33(a)	Profit for the year from discontinued operation	2.7	13,226	6,501
SFRS(I) 1-1:81A(a)	**Profit for the year**	2.8	43,435	28,381

Consolidated statement of profit or loss and other comprehensive income

Source

Source		Note	Group 2023 $'000	Group 2022 $'000
SFRS(I) 1-1:113 SFRS(I) 1-1:51(d),(e) SFRS(I) 1-1:91(b)	**Other comprehensive income**[(4)]			
SFRS(I) 1-1:82A(a)(i)	*Items that will not be reclassified subsequently to profit or loss*			
	Gain (Loss) on revaluation of property	5.7	15,283	(2,845)
SFRS(I) 7:20(a)(vii)	Fair value gain (loss) on investments in equity instruments designated as at FVTOCI	5.7	46	47
SFRS(I) 1-1:90 SFRS(I) 1-1:91(b)	Income tax relating to items that will not be reclassified subsequently to profit or loss	2.6	(2,492)	320
			12,837	(2,478)
SFRS(I) 1-1:82A(a)(ii)	*Items that may be reclassified subsequently to profit or loss*			
SFRS(I) 7:20(a)(viii) SFRS(I) 9:5.7.10	Fair value gain (loss) on investments in debt instruments measured at FVTOCI	5.7	20	10
SFRS(I) 7:24E(a) SFRS(I) 1-1:96 SFRS(I) 9:6.5.11(d)(i)	Fair value gain (loss) arising on hedging instruments during the period	5.8	1,076	586
SFRS(I) 1-21:52(b)	Foreign exchange differences on translation of foreign operations	5.8	(1,693)	730
SFRS(I) 1-1:90 SFRS(I) 1-1:91(b)	Income tax relating to items that may be reclassified subsequently to profit or loss	2.6	-	-
			(597)	1,326
SFRS(I) 1-1:81A(b)	**Other comprehensive income for the year, net of tax**		12,240	(1,152)
SFRS(I) 1-1:81A(c)	**Total comprehensive income for the year**		55,675	27,229

Consolidated statement of profit or loss and other comprehensive income

Source

Source		Note	Group 2023	Group 2022
SFRS(I) 1-1:113 SFRS(I) 1-1:51(d),(e)			$'000	$'000
	Profit attributable to:			
SFRS(I) 1-1:81B(a)(ii)	Owners of the company		42,826	28,284
SFRS(I) 1-1:81B(a)(i)	Non-controlling interests		609	97
			43,435	28,381
	Total comprehensive income attributable to:			
SFRS(I) 1-1:81B(b)(ii)	Owners of the company		55,066	27,132
SFRS(I) 1-1:81B(b)(i)	Non-controlling interests		609	97
			55,675	27,229
SFRS(I) 1-33:2-3	**Earnings per share**(6)	2.9		
SFRS(I) 1-33:4A SFRS(I) 1-33:66 SFRS(I) 1-33:69	From continuing and discontinued operations:			
	Basic		35.4 cents	23.6 cents
	Diluted		26.0 cents	23.2 cents
	From continuing operations:			
	Basic		24.5 cents	18.2 cents
	Diluted		18.2 cents	17.9 cents

See accompanying notes to financial statements.

Consolidated statement of profit or loss and other comprehensive income

Source

Guidance notes – Consolidated statement of profit or loss and other comprehensive income

1. Terminology used in the financial statements

SFRS(I) 1-1:10

An entity may use titles for the statements other than those used in SFRS(I) 1-1 *Presentation of Financial Statements*. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'. The reference in the independent auditor's report should be updated accordingly.

2. General presentation

Consolidated financial statements

CA 201(5)
LM 1207(5)(a)

Where consolidated financial statements are required, the statement of profit or loss and other comprehensive income and statement of cash flows of the company need not be presented. However, the statement of financial position of the company has to be presented. If consolidated financial statements are not required, for reasons such as exemption under SFRS(I) 1-27 *Separate Financial Statements*, the statement of profit or loss and other comprehensive income and statement of cash flows of the company shall be presented.

One statement vs. two statements

SFRS(I) 1-1:10A

SFRS(I) 1-1 provides the option to present profit or loss and other comprehensive income (OCI) either in a single statement or in two separate but consecutive statements. Whichever presentation approach is adopted, the distinction is retained between items recognised in profit or loss and items recognised in OCI. Under both approaches, profit or loss, total OCI, as well as total comprehensive income for the period (being the total of profit or loss and OCI) should be presented. Under the two-statement approach, the separate statement of profit or loss ends at 'profit for the year', and this 'profit for the year' is then the starting point for the statement of profit or loss and other comprehensive income, which is required to be presented immediately following the statement of profit or loss. In addition, the analysis of 'profit for the year' between the amount attributable to the owners of the company and the amount attributable to non-controlling interests is presented as part of the separate statement of profit or loss.

Alternative formats of the analysis of expenses recognised in profit or loss

SFRS(I) 1-1:99

The entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function, whichever provides information that is reliable and more relevant.

The group has elected to present a single statement of profit or loss and other comprehensive income for which the expenses are aggregated according to their function.

Reclassification adjustments

SFRS(I) 1-1:94

An entity may present reclassification adjustments in the statement of profit or loss and OCI or in the notes. An entity presenting reclassification adjustments in the notes presents the components of OCI after any related reclassification adjustments.

Consolidated statement of profit or loss and other comprehensive income

Source

Source	
	Additional line items, headings and subtotals
SFRS(I) 1-1:85	SFRS(I) 1-1 clarifies that an entity shall present additional line items (including by disaggregating the line items listed in SFRS(I) 1-1:82), headings and subtotals in the statement(s) presenting profit or loss and OCI when such presentation is relevant to an understanding of the entity's financial performance. When items of income and expense are material, their nature and amount shall be disclosed separately.
SFRS(I) 1-1:85A	When a company presents subtotals in accordance with SFRS(I) 1-1:85, those subtotals shall: (a) be comprised of line items made up of amounts recognised and measured in accordance with SFRS(I); (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period, in accordance with SFRS(I) 1-1:45; and (d) not be displayed with more prominence than the subtotals and totals required in SFRS(I) for the statement(s) presenting profit or loss and other comprehensive income.
SFRS(I) 1-1:85B	A company shall present the line items in the statement(s) presenting profit or loss and OCI that reconcile any subtotals presented in accordance with SFRS(I) 1-1:85 with the subtotals or totals required in SFRS(I).
	Immaterial items An entity need not provide a specific disclosure required by an SFRS(I) if the information resulting from that disclosure is not material. This is the case even if the SFRS(I) contain a list of specific requirements or describes them as minimum requirements.
	Extraordinary items
SFRS(I) 1-1:87	The company shall not present any items of income and expense as extraordinary items, either in the statement of comprehensive income or the separate income statement (if two-statement approach is followed), or in the notes.
	3. Impairment losses (including reversals of impairment losses) on financial assets and contract assets
SFRS(I) 1-1:82(ba)	SFRS(I) 1-1:82(ba) requires impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of SFRS(I) 9 *Financial Instruments* to be presented separately in the profit or loss section or the statement of profit or loss. These impairment losses may arise from operating activities or from investing/financing activities. Therefore, when presenting a sub-total for operating profit it will be more meaningful to split the impairment losses into those which arise from operating activities, for example from trade and other receivables above operating profit, and those which arise from investing/financing activities, for example from debt securities, below operating profit.
	4. Other comprehensive income **Items that may or may not be reclassified**
SFRS(I) 1-1:82A	Irrespective of whether the one-statement or the two-statement approach is followed, the items of OCI should be classified by nature and grouped into those that, in accordance with other SFRS(I)s: (a) Will not be reclassified subsequently to profit or loss; and (b) May be reclassified subsequently to profit or loss when specific conditions are met.

Consolidated statement of profit or loss and other comprehensive income

Source

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

SFRS(I) 1-1:82A(b)

SFRS(I) 1-1:82A(b) requires disclosure of the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other SFRS(I)s:

(i) will not be reclassified subsequently to profit or loss; and
(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Alternative presentation for components of other comprehensive income

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

Source		Note	Group 2023 $'000	Group 2022 $'000
SFRS(I) 1-1:91(a)	***Other comprehensive income, after tax***			
SFRS(I) 1-1:82A(a)(i)	*Items that will not be reclassified subsequently to profit or loss*			
	Gain (Loss) on revaluation of property		*xx*	*xx*
SFRS(I) 7:20(a)(vii)	*Fair value gain (loss) on investments in equity instruments designated as at FVTOCI*		*xx*	*xx*
SFRS(I) 1-1:82A(b)(i)	*Share of other comprehensive income of associates and joint venture*		*xx*	*xx*
			xx	*xx*
SFRS(I) 1-1:82A(a)(ii)	*Items that may be reclassified subsequently to profit or loss*			
SFRS(I) 7:20(a)(viii) SFRS(I) 9:5.7.10	*Fair value gain (loss) on investments in debt instruments measured at FVTOCI*		*xx*	*xx*
SFRS(I) 7:24E(a) SFRS(I) 1-1:96 SFRS(I) 9:6.5.11(d)(i)	*Fair value gain (loss) arising on hedging instruments during the period*		*xx*	*xx*
SFRS(I) 1-21:52(b)	*Foreign exchange differences on translation of foreign operations*		*xx*	*xx*
SFRS(I) 1-1:82A(b)(ii)	*Share of other comprehensive income of associates and joint venture*		*xx*	*xx*
			xx	*xx*
SFRS(I) 1-1:81A(b)	***Other comprehensive income for the year, net of tax***		*xx*	*xx*

Whichever option is selected, the income tax relating to each component of comprehensive income must be disclosed, either in the statement of comprehensive income or in the notes (see Note 2.6).

Consolidated statement of profit or loss and other comprehensive income

Source

Source	
SFRS(I) 5:33A	**5. Discontinued operation** If an entity presents the components of profit or loss in a separate statement as described in SFRS(I) 1-1:10A, a section identified as relating to discontinued operation is presented in that statement. SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* specifies the disclosures required in respect of assets (or disposal groups) classified as held for sale or discontinued operations. Consequently, disclosures in other SFRS(I)s do not apply to such assets (or disposal groups) unless: • Those SFRS(I)s specifically require disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or • The disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of SFRS(I) 5's measurement requirements and the information is not disclosed elsewhere in the financial statements. For earnings per share on discontinued operation, please see 6 below.
SFRS(I) 1-33:66 SFRS(I) 1-33:67A SFRS(I) 1-33:69	**6. Earnings per share** The company should present both basic and diluted earnings per share on the statement of comprehensive income for each class of ordinary shares that has a different right to share in the net profit for the year. If a company presents the components of profit or loss in a separate statement as described in SFRS(I) 1-1:10A, it presents basic and diluted earnings per share only in that separate statement. An entity shall present basic and diluted earnings per share with equal prominence for all periods presented, even if the amounts disclosed are the same or negative.
SFRS(I) 1-33:68 SFRS(I) 1-33:68A	Where the company reports a discontinued operation, it shall disclose the basic and diluted earnings per share in the statement of comprehensive income or in the notes to the financial statements. If an entity presents the components of profit or loss in a separate statement as described in SFRS(I) 1-1:10A, it presents basic and diluted earnings per share for the discontinued operation, in that separate statement or in the notes. SFRS(I) 1-33:12 requires that basic and diluted earnings per share be computed based on the amounts attributable to ordinary owners of the parent entity in respect of (a) profit or loss from continuing operations attributable to the parent entity; and (b) profit or loss attributable to the parent entity.

Consolidated statement of profit or loss and other comprehensive income

Source

Voluntary 'per-share' disclosures

SFRS(I) 1-33:73

Entities may voluntarily disclose amounts per share using a reported component of the statement of comprehensive income, provided that:

- Such amounts are calculated using the weighted average number of ordinary shares determined in accordance with SFRS(I) 1-33;
- Basic and diluted amounts per share relating to such a component are disclosed with equal prominence and presented in the notes; and
- The entity discloses the basis on which the numerator(s) is (are) determined, including whether amounts per share are before tax or after tax.

If a component of the statement of comprehensive income is used that is not reported as a line item in the statement of comprehensive income, a reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income.

SFRS(I) 1-33:73A

Paragraph 73 applies also to an entity that discloses, in addition to basic and diluted earnings per share, amounts per share using a reported item of profit or loss, other than one required by SFRS(I) 1-33.

7. Financial years of different lengths

SFRS(I) 1-1:36
SFRS(I) 1-1:38

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

Comparative figures

The financial statements for 2023 covered the period from July 1, 2022 to December 31, 2023.

The financial statements for 2022 covered the twelve months ended June 30, 2022.

8. Restatements and reclassifications

SFRS(I) 1-1:41
SFRS(I) 1-1:42

Where the presentation or classification of items in the statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the nature of the reclassification, the amount of each item or class of items that is reclassified and the reason for the reclassification (See Note 7.8 for a sample disclosure format as required by SFRS(I) 1-1:41).

Statements of financial position

Source

Source		Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
SFRS(I) 1-1:51(a),(b)	**GAAP Singapore Ltd and its subsidiaries**					
SFRS(I) 1-1:10(a),(ea) SFRS(I) 1-1:51(c) LM 1207(5)(a),(b) CA 201(5)(a),(b)	**Statements of financial position[8] December 31, 2023**					
SFRS(I) 1-1:38 SFRS(I) 1-1:113 SFRS(I) 1-1:51(d),(e)	**Assets**					
SFRS(I) 1-1:60-61 SFRS(I) 1-1:66-68	**Current assets**					
SFRS(I) 1-1:54(i)	Cash and cash equivalents	3.1	29,942	22,000	2,074	647
SFRS(I) 1-1:54(h) SFRS(I) 15:116(a)	Trade and other receivables	3.2	93,499	109,729	89,371	55,895
SFRS(I) 1-1:55 SFRS(I) 15:105 SFRS(I) 15:116(a)	Contract assets[6]	3.3	14,610	13,898	-	-
SFRS(I) 1-1:54(d) SFRS(I) 1-1:55	Investments in financial assets[5]	4.3	13,074	12,490	-	-
SFRS(I) 1-1:54(d) SFRS(I) 1-1:55	Derivative financial instruments[5]	4.4	2,466	2,338	-	-
SFRS(I) 1-1:54(g)	Inventories	3.4	115,940	107,920	-	-
			269,531	268,375	91,445	56,542
SFRS(I) 1-1:54(j) SFRS(I) 5:38	Assets classified as held for sale	6.6	1,900	-	-	-
	Total current assets		271,431	268,375	91,445	56,542
SFRS(I) 1-1:60-61 SFRS(I) 1-1:66-68	**Non-current assets**					
SFRS(I) 1-1:54(a)	Property, plant and equipment	3.5	617,355	565,442	-	-
SFRS(I) 1-1:55 SFRS(I) 16:47(a)	Right-of-use assets[7]	3.6	3,788	3,393	-	-
SFRS(I) 1-1:54(b)	Investment property	3.7	12,000	11,409	-	-
SFRS(I) 1-1:55	Goodwill	3.8	4,038	2,538	-	-
SFRS(I) 1-1:54(c)	Other intangible assets	3.9	26,985	21,294	-	-
SFRS(I) 1-1:55	Subsidiaries[1]	6.1	-	-	111,650	110,000
SFRS(I) 1-1:54(e) SFRS(I) 1-1:55	Associates[3]	6.2	45,060	12,274	-	-
SFRS(I) 1-1:54(e) SFRS(I) 1-1:55	Joint venture[3]	6.3	3,946	3,662	-	-
SFRS(I) 1-1:54(d) SFRS(I) 1-1:55	Investments in financial assets[5]	4.3	50,865	44,149	-	-
SFRS(I) 1-1:54(d) SFRS(I) 1-1:55	Derivative financial instruments[5]	4.4	1,779	-	-	-
SFRS(I) 1-1:54(o) SFRS(I) 1-1:56	Deferred tax assets	2.6	1,020	1,706	-	-
	Total non-current assets		766,836	665,867	111,650	110,000
SFRS(I) 1-1:55-55A	**Total assets**		1,038,267	934,242	203,095	166,542

Statements of financial position

Source

Source		Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
SFRS(I) 1-1:38 SFRS(I) 1-1:113 SFRS(I) 1-1:51(d),(e)	**Liabilities and Equity**					
SFRS(I) 1-1:60-61 SFRS(I) 1-1:69-76	**Current liabilities**					
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55	Borrowings	5.2	70,907	70,909	-	-
SFRS(I) 1-1:54(k)	Trade and other payables	3.10	160,074	89,085	7,065	7,586
SFRS(I) 1-1:55 SFRS(I) 15:105 SFRS(I) 15:116(a)	Contract liabilities[6]	3.11	6,215	6,793	-	-
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55 SFRS(I) 16:47(b)	Lease liabilities[7]	3.6	1,242	1,380	-	-
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55	Derivative financial instruments[5]	4.4	273	-	-	-
SFRS(I) 1-1:54(l)	Provisions	3.12	6,432	2,065	-	-
SFRS(I) 1-1:54(n) SFRS(I) 1-1:56	Income tax payable		3,269	1,986	-	-
			248,412	172,218	7,065	7,586
SFRS(I) 1-1:54(p) SFRS(I) 5:38	Liabilities directly associated with assets classified as held for sale	6.6	247	-	-	-
	Total current liabilities		248,659	172,218	7,065	7,586
SFRS(I) 1-1:60-61 SFRS(I) 1-1:69-76	**Non-current liabilities**					
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55	Borrowings	5.2	273,845	343,394	-	-
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55	Convertible loan notes	5.3	24,327	-	24,327	-
SFRS(I) 1-1:54(k)	Other payables	3.10	75	-	-	-
SFRS(I) 1-1:55 SFRS(I) 15:105 SFRS(I) 15:116(a)	Contract liabilities[6]	3.11	2,854	1,798	-	-
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55 SFRS(I) 16:47(b)	Lease liabilities[7]	3.6	2,745	2,240	-	-
SFRS(I) 1-1:54(l)	Provisions	3.12	2,118	-	-	-
SFRS(I) 1-1:54(m) SFRS(I) 1-1:55	Share-based payments	5.9	6,680	3,516	6,680	3,516
SFRS(I) 1-1:54(o) SFRS(I) 1-1:56	Deferred tax liabilities	2.6	9,109	4,187	117	-
	Total non-current liabilities		321,753	355,135	31,124	3,516

Statements of financial position

Source

Source		Note	Group 2023	Group 2022	Company 2023	Company 2022
SFRS(I) 1-1:38						
SFRS(I) 1-1:113	**Liabilities and Equity**					
SFRS(I) 1-1:51(d),(e)			$'000	$'000	$'000	$'000
SFRS(I) 1-1:54(r)	**Capital, reserves and non-controlling interests**					
SFRS(I) 1-1:78(e)	Share capital	5.4	158,098	152,098	158,098	152,098
SFRS(I) 1-1:55	Treasury shares	5.5	(500)	-	(500)	-
SFRS(I) 1-1:55	Capital reserves	5.6	4,633	1,202	4,883	1,202
SFRS(I) 1-1:55	Revaluation reserves	5.7	48,798	35,941	-	-
SFRS(I) 1-1:55	Hedging and translation reserves	5.8	(2,109)	(1,492)	-	-
SFRS(I) 1-1:55	Retained earnings		254,350	216,564	2,425	2,140
SFRS(I) 1-1:54(r)	Equity attributable to owners of the company		463,270	404,313	164,906	155,440
SFRS(I) 1-1:54(q)	Non-controlling interests		4,585	2,576	-	-
SFRS(I) 10:22						
	Total equity		467,855	406,889	164,906	155,440
SFRS(I) 1-1:55-55A	**Total liabilities and equity**		1,038,267	934,242	203,095	166,542

See accompanying notes to financial statements.

Statements of financial position

Source

Guidance notes – Statements of financial position

SFRS(I) 10:4(a)
CA 201(5)(a),(b)

1. Exemption from presenting consolidated financial statements

A parent shall consolidate all subsidiaries in its consolidated statement of financial position. A parent is exempted from presenting consolidated financial statements if and only if the following conditions are all met:

(a) The parent is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements;
(b) The parent's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
(c) The parent did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
(d) The ultimate or any intermediate parent of the parent produces consolidated financial statements that are available for public use and comply with SFRS(I)s (or International Financial Reporting Standards), in which subsidiaries are consolidated or are measured at fair value through profit or loss.

SFRS(I) 1-27:16

If a parent company satisfies all the above conditions and elects not to present consolidated financial statements, it shall disclose the following:

(a) The fact that the financial statements are separate financial statements;
(b) That the exemption from consolidation has been used;
(c) The name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements have been produced for public use;
(d) The address where those consolidated financial statements are obtainable;
(e) A list and description of significant investments in subsidiaries, joint ventures and associates, including the name, country of incorporation and principal place of business (and country of incorporation, if different), proportion of ownership interest and, if different, proportion of voting power held; and
(f) The method used to account for investments listed under (e).

The following disclosure should be included in the notes to the financial statements:

SFRS(I) 1-27:16(a)

Consolidated financial statements – The financial statements of the subsidiaries have not been consolidated with the company's financial statements as the company itself is a wholly-owned subsidiary of (name of holding company), incorporated in (country of holding company), which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

The registered address of (name of holding company) is (address of holding company).

Investments in subsidiaries in the financial statements of the company are stated at cost, less any impairment in recoverable value.

Statements of financial position

Source

2. Investment entities

SFRS(I) 10:4B
SFRS(I) 10:31

An investment entity need not present consolidated financial statements or apply SFRS(I) 3 *Business Combinations* when it obtains control of another entity, instead, the entity shall measure the investment in subsidiaries at fair value through profit or loss.

SFRS(I) 10:32

If an investment entity has a subsidiary that provides services that relate to the investment entity's investment activities, it shall consolidate that subsidiary in accordance with paragraphs 19–26 of SFRS(I) 10 *Consolidated Financial statements* and apply the requirements of SFRS(I) 3 to the acquisition of any such subsidiary.

SFRS(I) 10:33

A parent of an investment entity shall consolidate all entities that it controls, including those controlled through an investment entity subsidiary, unless the parent itself is an investment entity.

SFRS(I) 1-28:17
SFRS(I) 1-28:16
SFRS(I) 11:24

3. Exemption from equity accounting for joint ventures and associates

A company shall equity account for all joint ventures and associates. A company is exempted from equity accounting for joint ventures and associates if and only if in the following circumstances or the following conditions are met:

SFRS(I) 1-28:20

(a) The investment is classified as held for sale in accordance with SFRS(I) 5 and is accounted for in accordance with SFRS(I) 5;

SFRS(I) 1-28:18

(b) The company is a venture capital organisation, mutual fund, unit trust or similar entity, including investment-linked insurance funds, that upon initial recognition of the associate or joint venture, elects to measure that investment at fair value through profit or loss in accordance with SFRS(I) 9; or

SFRS(I) 1-28:17

(c) If all of the following apply:
    (i) The company is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the company not applying the equity method;
    (ii) The company debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
    (iii) The company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation, for the purpose of issuing any class of instruments in a public market; and
    (iv) The ultimate or any intermediate parent of the company produces consolidated financial statements available for public use that comply with SFRS(I)s (or International Financial Reporting Standards), in which subsidiaries are consolidated or are measured at fair value through profit or loss.

4. Restatements and reclassifications

SFRS(I) 1-1:40A

SFRS(I) 1-1:40A requires an entity to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) if:

(a) It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
(b) The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the third statement of financial position.

Statements of financial position

Source

SFRS(I) 1-1:40C

Other than disclosures of certain specified information as required by SFRS(I) 1-1:41 to SFRS(I) 1-1:44 and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the related notes to the third statement of financial position are not required to be disclosed.

SFRS(I) 1-1:41
SFRS(I) 1-1:42

Where the presentation or classification of items in the statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the nature of the reclassification, the amount of each item or class of items that is reclassified and the reason for the reclassification (See Note 7.8 for a sample disclosure format as required by SFRS(I) 1-1:41).

5. Classification and presentation of financial instruments in the statement of financial position
Financial instruments have been classified into categories in accordance with sections 4.1 and 4.2 of SFRS(I) 9.

SFRS(I) 1-1:54 and paragraph 8 of SFRS(I) 7 *Financial Instruments: Disclosures* do not require separate line items for financial instruments measured at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost. Hence, it is acceptable to combine them into one-line item on the statement of financial position with details in a note. However, depending on the significance of these items, each can be separately shown as a line item.

SFRS(I) 7:8

SFRS(I) 7:8 requires the carrying amounts of each of the following categories as defined in SFRS(I) 9, to be disclosed either in the statement of financial position or in the notes [see illustration in Note 4.1]:

(a) Financial assets measured at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of SFRS(I) 9 and (ii) those mandatorily measured at fair value through profit or loss in accordance with SFRS(I) 9;
(b) [deleted];
(c) [deleted];
(d) [deleted];
(e) Financial liabilities at fair value through profit or loss, showing separately (i) those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of SFRS(I) 9 and (ii) those that meet the definition of held-for-trading in SFRS(I) 9;
(f) Financial assets measured at amortised cost;
(g) Financial liabilities measured at amortised cost; and
(h) Financial assets measured at fair value through other comprehensive income, showing separately (i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of SFRS(I) 9 and (ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of SFRS(I) 9.

Statements of financial position

Source

SFRS(I) 1-1:55

SFRS(I) 1-1 clarifies that an entity shall present additional line items (including by disaggregating the line items listed in SFRS(I) 1-1:54), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. Additional guidance is provided below.

SFRS(I) 1-1:55A

When an entity presents subtotals in accordance with SFRS(I) 1-1:55, those subtotals shall:

(a) be comprised of line items made up of amounts recognised and measured in accordance with SFRS(I);
(b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
(c) be consistent from period to period, in accordance with SFRS(I) 1-1:45; and
(d) not be displayed with more prominence than the subtotals and totals required in SFRS(I) for the statement of financial position.

6. Assets and liabilities arising from contracts with customers

SFRS(I) 15:105

Paragraph 105 of SFRS(I) 15 *Revenue from Contracts with Customers* states that when either party to a contract has performed, an entity shall present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. Any unconditional rights to consideration (i.e. amounts that relate to completed performance obligations for which payment is due under the contract) should be presented separately as a receivable.

SFRS(I) 15:116(a)

SFRS(I) 15:116(a) requires disclosure of the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. Whether these balances are disclosed separately on the face of the financial statements will be a materiality judgement to be made by individual entities based on their own facts and circumstances. They are assumed to be material in the context of this set of illustrative financial statements and are disclosed separately for illustrative purposes.

Statements of financial position

Source

7. Right-of-use assets and lease liabilities

SFRS(I) 16:47

Paragraph 47 of SFRS(I) 16 *Leases* states that a lessee shall either present in the statement of financial position, or disclose in the notes:

(a) right-of-use assets separately from other assets. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall:
   (i) include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned; and
   (ii) disclose which line items in the statement of financial position include those right-of-use assets.

(b) lease liabilities separately from other liabilities. If the lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.

The group has chosen to present right-of-use-assets as well as lease liabilities on the face of the statements of financial position, instead of disclosing the amounts in the notes.

SFRS(I) 16:48

The requirement to present separately (on the statement of financial position or in the notes) the right-of-use assets does not apply to right-of-use assets that meet the definition of investment property, which should be presented in the statement of financial position as investment property. For this illustrative, the group does not have right-of-use assets that meet the definition of investment property.

SFRS(I) 1-1:66

A right-of-use asset should be classified in its entirety as a single unit of account as current or non-current in accordance with SFRS(I) 1-1:66. This would typically result in a right-of-use asset being classified similarly to the underlying asset in the lease. Assets that are subject to depreciation or amortisation are typically non-current.

SFRS(I) 1-1:66(c)

If an entity elects not to use the short-term lease recognition exemption, the resulting right-of-use asset is classified as current because the right-of-use asset will be realised within 12 months after the reporting period.

The classification of a right-of-use asset as current or non-current is not impacted by whether it is presented separately on the face of the statement of financial position or included within the same line item as the underlying asset.

SFRS(I) 1-1:10

8. Terminology used in the financial statements

The use of titles of the financial statements such as ‘Statement of Financial Position’ is not mandatory. The use of ‘Balance Sheet’ and ‘Statement of Financial Position’ may be used interchangeably. The reference in the independent auditor’s report should be updated accordingly.

Statements of changes in equity

Source

SFRS(I) 1-1:51(a),(b) **GAAP Singapore Ltd and its subsidiaries**

SFRS(I) 1-1:10(c) **Statements of changes in equity**

SFRS(I) 1-1:51(c) **Year ended December 31, 2023**

Group

Source		Share capital	Treasury shares	Equity reserves	Share options reserves	Property revaluation reserves	Investments revaluation reserves	Foreign exchange translation reserves	Hedging reserves	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total
SFRS(I) 1-1:51(d),(e)		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		(Note 5.4)	(Note 5.5)	(Note 5.6)	(Note 5.6)	(Note 5.7)	(Note 5.7)	(Note 5.8)	(Note 5.8)				
SFRS(I) 1-1:106(d)	**Balance as at January 1, 2022**	152,098	-	-	-	37,977	432	(4,098)	1,290	196,320	384,019	2,479	386,498
SFRS(I) 1-1:106(a)	Total comprehensive income for the year												
SFRS(I) 1-1:106(d)(i)	Profit for the year	-	-	-	-	-	-	-	-	28,284	28,284	97	28,381
SFRS(I) 1-1:106(d)(ii)	Other comprehensive loss for the year	-	-	-	-	(2,525)	57	730	586	-	(1,152)	-	(1,152)
	Total	-	-	-	-	(2,525)	57	730	586	28,284	27,132	97	27,229
SFRS(I) 1-1:106(d)(iii)	Transactions with owners, recognised directly in equity												
SFRS(I) 1-1:106(d)(iii)	Recognition of share-based payments	-	-	-	1,202	-	-	-	-	-	1,202	-	1,202
SFRS(I) 1-1:107	Dividends (Note 5.10)	-	-	-	-	-	-	-	-	(8,040)	(8,040)	-	(8,040)
	Total	-	-	-	1,202	-	-	-	-	(8,040)	(6,838)	-	(6,838)
SFRS(I) 1-1:106(d)	**Balance as at December 31, 2022**	152,098	-	-	1,202	35,452	489	(3,368)	1,876	216,564	404,313	2,576	406,889
SFRS(I) 1-1:106(a)	Total comprehensive income for the year												
SFRS(I) 1-1:106(d)(i)	Profit for the year	-	-	-	-	-	-	-	-	42,826	42,826	609	43,435
SFRS(I) 1-1:106(d)(ii)	Other comprehensive income for the year	-	-	-	-	12,791	66	(1,693)	1,076	-	12,240	-	12,240
	Total	-	-	-	-	12,791	66	(1,693)	1,076	42,826	55,066	609	55,675
SFRS(I) 1-1:106(d)(iii)	Transactions with owners, recognised directly in equity												
SFRS(I) 1-1:106(d)(iii)	Non-controlling interest arising from acquisition of a subsidiary (Note 6.4)	-	-	-	-	-	-	-	-	-	-	1,500	1,500
SFRS(I) 1-1:106(d)(iii)	Effects of acquiring part of non-controlling interests in a subsidiary	-	-	(250)	-	-	-	-	-	-	(250)	(100)	(350)
SFRS(I) 1-1:106(d)(iii)	Recognition of equity component of convertible loan notes	-	-	995	-	-	-	-	-	-	995	-	995
SFRS(I) 1-1:106(d)(iii)	Deferred tax liability on recognition of equity component of convertible loan notes	-	-	(174)	-	-	-	-	-	-	(174)	-	(174)
SFRS(I) 1-1:106(d)(iii)	Recognition of share-based payments	-	-	-	2,860	-	-	-	-	-	2,860	-	2,860
SFRS(I) 1-1:107	Dividends (Note 5.10)	-	-	-	-	-	-	-	-	(5,040)	(5,040)	-	(5,040)
SFRS(I) 1-1:106(d)(iii)	Issue of share capital	6,000	-	-	-	-	-	-	-	-	6,000	-	6,000
SFRS(I) 1-1:106(d)(iii)	Repurchase of shares	-	(500)	-	-	-	-	-	-	-	(500)	-	(500)
	Total	6,000	(500)	571	2,860	-	-	-	-	(5,040)	3,891	1,400	5,291
SFRS(I) 1-1:106(d)	**Balance as at December 31, 2023**	158,098	(500)	571	4,062	48,243	555	(5,061)	2,952	254,350	463,270	4,585	467,855

Statements of changes in equity

Source

SFRS(I) 1-1:51(a),(b) **GAAP Singapore Ltd and its subsidiaries**

SFRS(I) 1-1:10(c) **Statements of changes in equity**
SFRS(I) 1-1:51(c) **Year ended December 31, 2023**

Company[3]

Source		Share capital $'000 (Note 5.4)	Treasury shares $'000 (Note 5.5)	Equity reserves $'000 (Note 5.6)	Share options reserves $'000 (Note 5.6)	Retained earnings $'000	Total $'000
SFRS(I) 1-1:51(d),(e)							
SFRS(I) 1-1:106(d)	**Balance as at January 1, 2022**	152,098	-	-	-	1,819	153,917
SFRS(I) 1-1:106 (d)(i),(ii)	Profit for the year, representing total comprehensive income for the year	-	-	-	-	8,361	8,361
SFRS(I) 1-1:106(d)(iii)	Transactions with owners, recognised directly in equity						
SFRS(I) 1-1:106(d)(iii)	Recognition of share-based payments	-	-	-	1,202	-	1,202
SFRS(I) 1-1:107	Dividends (Note 5.10)	-	-	-	-	(8,040)	(8,040)
	Total	-	-	-	1,202	(8,040)	(6,838)
SFRS(I) 1-1:106(d)	**Balance as at December 31, 2022**	152,098	-	-	1,202	2,140	155,440
SFRS(I) 1-1:106 (d)(i),(ii)	Profit for the year, representing total comprehensive income for the year	-	-	-	-	5,325	5,325
SFRS(I) 1-1:106(d)(iii)	Transactions with owners, recognised directly in equity						
SFRS(I) 1-1:106(d)(iii)	Recognition of equity component of convertible loan notes	-	-	995	-	-	995
SFRS(I) 1-1:106(d)(iii)	Deferred tax liability on recognition of equity component of convertible loan notes	-	-	(174)	-	-	(174)
SFRS(I) 1-1:106(d)(iii)	Recognition of share-based payments	-	-	-	2,860	-	2,860
SFRS(I) 1-1:107	Dividends (Note 5.10)	-	-	-	-	(5,040)	(5,040)
SFRS(I) 1-1:106(d)(iii)	Issue of share capital	6,000	-	-	-	-	6,000
SFRS(I) 1-1:106(d)(iii)	Repurchase of shares	-	(500)	-	-	-	(500)
	Total	6,000	(500)	821	2,860	(5,040)	4,141
SFRS(I) 1-1:106(d)	**Balance as at December 31, 2023**	158,098	(500)	821	4,062	2,425	164,906

See accompanying notes to financial statements.

Statements of changes in equity

Source

Guidance notes – Statements of changes in equity

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

SFRS(I) 1-1:106A

An entity may present the analysis of other comprehensive income by item for each component of equity either in the statement of changes in equity or in the notes to the financial statements. SFRS(I) 1-1 also allows that some of the details regarding items of other comprehensive income (e.g. income tax and reclassification adjustments) may be disclosed in the notes rather than in the statement of comprehensive income.

SFRS(I) 1-1:79(b)

SFRS(I) 1-1 also permits the description of the nature and purpose of each reserve within equity to be presented either in the statement of financial position or the statement of changes in equity, or in the notes.

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

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

- Detailed reconciliations are required for each class of share capital (in the statement of changes in equity or in the notes) – See Note 5.4;
- Detailed reconciliations are required for each component of equity – separately disclosing the impact on each such component of (i) profit or loss, (ii) each component of other comprehensive income, and (iii) transactions with owners in their capacity as owners (in the statement of changes in equity or in the notes) – In this illustrative financial statements, details of non-owner changes in equity are available from the statement of comprehensive income; and details of owner changes in equity are available from the statements of changes in equity itself;
- The amount of income tax relating to each component of other comprehensive income should be disclosed (in the statement of comprehensive income or in the notes); and
- Reclassification adjustments should be presented separately from the related component of other comprehensive income (in the statement of comprehensive income or in the notes).

Statements of changes in equity

Source

SFRS(I) 1-1:106(b)
SFRS(I) 1-8:22

2. Changes in accounting policy

If a new accounting policy is adopted during the year, a sample disclosure of the effects of retrospective application on the opening balance of each affected component of equity for the earliest prior period presented (i.e. January 1, 2022) on the statement of changes in equity is as follows:

	Share capital	*Treasury shares*	*Equity reserves*	*Share options reserves*	*Retained earnings*	*Total*
	$'000 (Note 5.4)	*$'000 (Note 5.5)*	*$'000 (Note 5.6)*	*$'000 (Note 5.6)*	*$'000*	*$'000*
Balance as at January 1, 2022	*xx*	*xx*	*xx*	*xx*	*xx*	*xx*
Effect of change in accounting policy for [insert as relevant] [Note X]	*xx*	*xx*	*xx*	*xx*	*xx*	*xx*
Balance as at January 1, 2022 (as restated)	*xx*	*xx*	*xx*	*xx*	*xx*	*xx*

3. Company's statement of changes in equity

A holding company may choose to present the statement of changes in equity of the company, in addition to the statement of financial position of the company and the consolidated financial statements of the group, as illustrated in this set of illustrative financial statements.

Consolidated statement of cash flows

Source

SFRS(I) 1-1.51(a),(b) **GAAP Singapore Ltd and its subsidiaries**

SFRS(I) 1-1.10(d)
SFRS(I) 1-1.51(c)
LM 1207(5)(c)

Consolidated statement of cash flows[6]
Year ended December 31, 2023

			Group	
SFRS(I) 1-1:113		Note	2023	2022
SFRS(I) 1-1:51(d),(e)			$'000	$'000
SFRS(I) 1-7:10	**Operating activities**			
SFRS(I) 1-7:18(b)	Profit before tax[3]		51,418	32,580
	Adjustments for:			
	Share of results of associates and joint venture		(1,270)	(1,517)
	Finance income		(2,440)	(2,267)
	Other gains and losses		279	(25)
	Foreign exchange loss		236	240
	Finance costs		12,655	17,338
	Gain on disposal of discontinued operation		(8,493)	-
	Depreciation of property, plant and equipment		29,867	19,042
	Depreciation of right-of-use assets		1,495	898
	Impairment loss on plant and equipment		4,130	-
	Amortisation of other intangible assets		2,614	846
	Impairment of goodwill		463	-
	Impairment losses (including reversals of impairment losses) on financial assets and contract assets		3,577	253
	Share-based payment expenses		6,024	4,718
	Fair value gain on investment property		(500)	-
	Increase in provisions		15,174	1,138
	Write-downs of inventories		2,340	1,890
	Operating cash flows before movements in working capital		117,569	75,134
	Inventories		(19,799)	(33,314)
	Trade and other receivables		34,825	(31,265)
	Contract assets		(719)	(1,864)
	Trade and other payables		47,040	35,718
	Contract liabilities		478	377
	Utilisation of provision		(8,710)	(3,458)
	Cash generated from operations		170,684	41,328
SFRS(I) 1-7:35-36	Income taxes paid		(1,589)	(1,489)
SFRS(I) 1-7:31, SFRS(I) 16:50(b)	Interest paid		(12,528)	(16,508)
	Net cash from operating activities		156,567	23,331

Consolidated statement of cash flows

Source

Source		Note	Group 2023 $'000	Group 2022 $'000
SFRS(I) 1-1:113 SFRS(I) 1-1:51(d),(e)				
SFRS(I) 1-7:10 SFRS(I) 1-7:16 SFRS(I) 1-7:21-24 SFRS(I) 9:IG.G.2	**Investing activities**			
SFRS(I) 1-7:31	Interest received		1,354	1,135
SFRS(I) 1-7:31	Dividends received from equity instruments designated at FVTOCI		1,086	1,132
SFRS(I) 1-7:39	Proceeds on disposal of subsidiary	6.5	11,449	-
SFRS(I) 1-7:16(b)	Proceeds on disposal of property, plant and equipment		799	4,000
SFRS(I) 1-7:16(a)	Purchase of property, plant and equipment	7.3	(67,245)	(33,805)
SFRS(I) 1-7:16(c)	Acquisition of investment in an associate		(31,800)	-
SFRS(I) 1-7:16(c)	Purchases of financial assets mandatorily measured at FVTPL		(863)	(7,018)
SFRS(I) 1-7:16(a)	Purchases of patents and trademarks		(3,835)	(18,617)
SFRS(I) 1-7:16(c)	Purchases of quoted debt securities		(6,650)	-
SFRS(I) 1-7:16(a)	Expenditure on product development		(3,600)	-
SFRS(I) 1-7:39	Acquisition of subsidiary	6.4	(6,106)	-
	Net cash used in investing activities		(105,411)	(53,173)
SFRS(I) 1-7:10 SFRS(I) 1-7:17 SFRS(I) 1-7:21-24 SFRS(I) 9:IG.G.2	**Financing activities**			
SFRS(I) 1-7:42A	Acquisition of non-controlling interests in a subsidiary	6.1	(350)	-
SFRS(I) 1-7:31 SFRS(I) 1-7:34	Dividends paid		(5,040)	(8,040)
SFRS(I) 1-7:17(c)	Proceeds from borrowings	5.2	-	59,419
SFRS(I) 1-7:17(d)	Repayments of borrowings	5.2	(63,647)	-
SFRS(I) 1-7:17(e) SFRS(I) 16:50(a)	Repayments of lease liabilities	5.2	(1,523)	(2,297)
SFRS(I) 1-7:17(c)	Proceeds on issue of convertible loan notes	5.2	25,000	-
SFRS(I) 1-7:17(a)	Proceeds on issue of shares		6,000	-
	Proceeds on (Repayments of) loan from holding company	5.2	34	(543)
SFRS(I) 1-7:17(b)	Purchase of treasury shares		(500)	-
	Net cash (used in) from financing activities		(40,026)	48,539
	Net increase in cash and cash equivalents		11,130	18,697
	Cash and cash equivalents at beginning of year		20,091	865
SFRS(I) 1-7:28	Effect of foreign exchange rate changes on the balance of cash held in foreign currencies[5]		(3,186)	529
SFRS(I) 1-7:45	**Cash and cash equivalents at end of year[1][2]**	3.1	28,035	20,091

See accompanying notes to financial statements.

Consolidated statement of cash flows

Source

Guidance notes – Consolidated statement of cash flows

1. Restricted cash and cash equivalents

SFRS(I) 1-7:48
SFRS(I) 1-7:49

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

2. Definition of cash and cash equivalents

SFRS(I) 1-7:6

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

3. Reconciliation to statement of comprehensive income

The balance reflected as profit before tax in the consolidated statement of cash flows (indirect method) is derived from the aggregate of profit before tax from discontinued operation $6,550,000 (2022 : $6,890,000) (Note 2.7), the gain on disposal of discontinued operation $8,493,000 (2022 : $Nil) (Note 2.7) and profit before tax from continuing operations $36,375,000 (2022 : $25,690,000) (statement of profit or loss and other comprehensive income).

4. Net unrealised foreign exchange gains or losses (if material)

SFRS(I) 1-7:20(b)

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

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

SFRS(I) 1-7:28

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

6. Terminology used in the financial statements

SFRS(I) 1-1:10

The use of title 'Statement of Cash Flows' of the Financial Statements is not mandatory. The reference in the independent auditor's report should be updated accordingly.

7. SFRS(I) 1-7 *Statement of Cash Flows*

SFRS(I) 1-7:44A-44E

SFRS(I) 1-7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation of liabilities arising from financing activities is provided in Note 5.2.

8. Reporting cash flows from operating activities

SFRS(I) 1-7:18

The entity shall report cash flows from operating activities using either the direct method or indirect method. The group uses the indirect method of reporting cash flows from operating activities.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

1. General information

SFRS(I) 1-1:138(a)
SFRS(I) 1-1:51(d)

The company (Registration Number 200001999A) is incorporated in Singapore with its principal place of business and registered office at 1 Gaap Avenue, #01-00, GAAP Building, Singapore 099001. The company is listed on the Singapore Exchange Securities Trading Limited.

SFRS(I) 1-1:138(b)

The principal activity of the company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6.1.

SFRS(I) 1-10:17

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended December 31, 2023 were authorised for issue by the board of directors on March 15, 2024.

1.1. Basis of preparation

This section describes the financial reporting framework within which the financial statements are prepared.

SFRS(I) 1-1:16

The financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ('SFRS(I)s'). The financial statements are expressed in Singapore dollars.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – Going concern assessment

SFRS(I) 1-1:25

When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

SFRS(I) 1-1:122

An entity may have exercised significant judgement in reaching the conclusion that no material uncertainties exist. In cases where the entity concludes that a material uncertainty does not exist but the conclusion reached required the application of significant judgement, SFRS(I) 1-1:122 requires the disclosure of this judgement.

An entity shall disclose, along with its material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

1.2. Adoption of new and revised Standards

This section details the financial impact on the new and revised SFRS(I) pronouncements adopted in the current year.

SFRS(I) 1-8:28

In the current year, the group and the company have applied all the new and revised SFRS(I) Accounting Standards that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below.

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*

SFRS(I) 1-1:117

The group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

SFRS(I) 1-1:117A

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*

SFRS(I) 1-12:4A

The group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The scope of SFRS(I) 1-12 was amended to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in SFRS(I) 1-12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

SFRS(I) 1-12:88A
SFRS(I) 1-12:88B

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The amendments have no impact on the group and the company in the current year as management has determined that the group is not in scope of the Pillar Two model rules.

Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

SFRS(I) 1-12:15
SFRS(I) 1-12:24

The group has adopted the amendments to SFRS(I) 1-12 for the first time in the current year. The amendments narrow the scope of the initial recognition exemption, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences (e.g. leases and decommissioning obligations). Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

The group had previously recognised deferred tax for leases on an aggregate temporary difference basis. Following the amendments, the group is required to recognise separately deferred tax asset and deferred tax liability for the deductible and taxable temporary differences in relation to its lease liabilities and right-of-use assets respectively, which are now disclosed in Note 2.6. There was no impact to the opening retained earnings as at January 1, 2022 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting under SFRS(I) 1-12.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – Adoption of new and revised Standards

1. Refer to above *Summary of key changes from the 2022 version of the Illustrative Financial Statements* for the list of amendments to SFRS(I) mandatorily effective for the year ending December 31, 2023.

2. Entities should analyse the impact of these new or revised SFRS(I)s on their financial statements based on their specific facts and circumstances and make appropriate disclosures in accordance with SFRS(I) 1-8.

SFRS(I) 1-8:28

When initial application of a SFRS(I) has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

a) the title of the SFRS(I);

b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;

c) the nature of the change in accounting policy;

d) when applicable, a description of the transitional provisions;

e) when applicable, the transitional provisions that might have an effect on future periods;

f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
   (i) for each financial statement line item affected; and
   (ii) if SFRS(I) 1-33 applies to the entity, for basic and diluted earnings per share;

g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and

h) if retrospective application required by SFRS(I) 1-8:19(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Financial statements of subsequent periods need not repeat these disclosures.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – Change in accounting policy

SFRS(I) 8:14
SFRS(I) 8:15
SFRS(I) 8:28

[*Describe the nature of the change in accounting policy, describe the transitional provisions (when applicable) and describe the transitional provisions that might have an effect on future periods (when applicable)*].

SFRS(I) 8:28(f)

The following table summarises the impact of the change in policy on the financial statements of the group. The impact of the change in policy on both basic and diluted earnings per share is presented in Note 2.9.

	2023	*2022*
	$'000	*$'000*
Consolidated statement of profit or loss and other comprehensive income		
[*Describe line items* affected]	*xx*	*xx*
Increase (Decrease) in profit for the year	*xx*	*xx*
Consolidated statement of financial position		
[*Describe line items* affected]	*xx*	*xx*
Increase (Decrease) in net assets	*xx*	*xx*

SFRS(I) 8:28(g)

[*Describe the amount of the adjustment relating to periods before those presented (to the extent practicable)*].

SFRS(I) 8:28(h)

[*If retrospective application is impracticable for a particular prior period, or for periods before those presented, describe the circumstances that led to the existence of that condition and describe how and from when the change in accounting policy has been applied*].

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – Prior period errors

SFRS(I) 8:41
SFRS(I) 8:49(a)

[*Describe the nature of the prior period error*].

SFRS(I) 8:49(b)(i)

The following table summarises the impact of the prior period error on the financial statements of the group. The impact of the prior period error on both basic and diluted earnings per share is presented in Note 2.9.

	2022
	$'000
Consolidated statement of profit or loss and other comprehensive income	
[*Describe line items* affected]	*xx*
Increase (Decrease) in profit for the year	*xx*
Consolidated statement of financial position	
[*Describe line items* affected]	*xx*
Increase (Decrease) in net assets	*xx*

SFRS(I) 8:49(d)

[*If retrospective application is impracticable for a particular prior period, describe the circumstances that led to the existence of that condition and describe how and from when the error has been corrected*].

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes - New and revised SFRS(I) pronouncements that are mandatorily effective in 2023

It is not required to list all SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I)s that are effective in the current year. Only those relevant to the entity should be indicated.

Sample disclosures
Include where applicable.

SFRS(I) 17 *Insurance Contracts*

The group has adopted SFRS(I) 17 and the related amendments for the first time in the current year. SFRS(I) 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes SFRS(I) 4 *Insurance Contracts*.

SFRS(I) 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

[Describe transition approach and impact on the financial statements in the period of initial application.]

Amendments to SFRS(I) 1-8*: Definition of Accounting Estimates*

SFRS(I) 1-8:5

The group has adopted the amendments to SFRS(I) 1-8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The definition of a change in accounting estimates was deleted.

[Describe impact on the financial statements in the period of initial application.]

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – IFRS IC Agenda Decisions

The IFRS IC is the interpretative body of the IASB and works with the IASB in supporting the understanding and consistent application of IFRS Accounting Standards. The IFRS IC projects typically begin as an application question submitted for consideration and the IFRS IC decides whether a standard-setting project should be added to the work plan to address the question submitted.

An IFRS IC Agenda Decision ('Agenda Decision') explains why a standard-setting project has not been added to the work plan and may include explanatory materials to improve the consistency of application of IFRS Accounting Standards. Agenda Decisions (and the included explanatory materials) do not add or change requirements in IFRS Accounting Standards. The explanatory material explains how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in the Agenda Decision.

Once an Agenda Decision is finalised it becomes a relevant piece of information in applying IFRS Accounting Standards. Explanatory material set out in Agenda Decisions, in essence, affirms the application of existing requirements. Therefore, an entity is required to apply the applicable IFRS Accounting Standard(s), reflecting the explanatory material in an Agenda Decision. An entity would be entitled to sufficient time to implement any necessary change in accounting policy that results from a published Agenda Decision. Nonetheless, it would be expected to implement the change on a timely basis i.e. as soon and as quickly as possible.

Entities applying the framework under SFRS(I), which is based on the IFRS Accounting Standards issued by the IASB, should also consider the impact of the Agenda Decisions on their financial statements. Where a change in accounting policy is required, an entity must account for the change applying SFRS(I) 1-8 and consider the related disclosures required leading up to the implementation of the change.

The compilations of Agenda Decisions are available at the IFRS website.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – SFRS(I) 17 *Insurance Contracts*

In this set of illustrative financial statements, it is assumed the group does not have any contracts that meet the definition of an insurance contract under SFRS(I) 17 and has not previously asserted explicitly that financial guarantees issued by the group are regarded as insurance contracts to be accounted for under SFRS(I) 4. All entities, including those that are not insurers, will need to consider whether they have entered into any contracts that meet the definition of insurance contracts and hence could be affected. For more guidance, please refer to Deloitte's publication 'A Closer Look - IFRS 17 for Non-insurers'.

SFRS(I) 17 is a complex accounting standard that captures contracts issued that transfer significant insurance risk. Such contracts can be issued by any entity including non-insurers who have not applied insurance accounting prior to SFRS(I) 17. Accordingly, entities may need support from professionals such as actuaries and accountants to assist in the application of this new Standard.

Illustrative disclosures for entities applying IFRS 17 are available in Deloitte's publication Illustrative disclosures for insurers applying IFRS 17.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

1.3. Material accounting policy information

This section sets out the (1) material accounting policy information upon which the group's financial statements are prepared as a whole and (2) other material accounting policy information not otherwise described in the notes to the financial statements. Where material accounting policy information is specific to a line item in the financial statements, the policy is described within the note for that line item.

Guidance notes – SFRS(I) 1-1 *Presentation of Financial Statements*

Materiality and aggregation

SFRS(I) 1-1 clarifies that useful information should not be obscured by aggregating or disaggregating information; and that materiality considerations apply to primary statements, notes and any specific disclosure requirements in SFRS(I).

SFRS(I) 1-1:30A Decision on how information is aggregated in the financial statements, including the notes, should take into consideration all relevant facts and circumstances. Understandability of financial statements should not be reduced by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

Notes structure

SFRS(I) 1-1 also clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes.

SFRS(I) 1-1:113 Notes on material accounting policy information should be presented in a systematic manner, considering the effect on the understandability and comparability of financial statements. The company shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.

SFRS(I) 1-1:114 Examples of systematic ordering or grouping of the notes include:

(a) giving prominence to the areas of its activities that the company considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;

(b) grouping together information about items measured similarly such as assets measured at fair value; or

(c) following the order of line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Disclosure of accounting policy information

SFRS(I) 1-1:17(b)
SFRS(I) 1-1:112(a)
SFRS(I) 1-1:117

Entities are required to disclose material accounting policy information. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements.

SFRS(I) 1-1:117B

Accounting policy information is expected to be material if users of the financial statements would need it to understand other material information in the financial statements. For example, accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and the accounting policy:

(a) has changed during the period resulting in a material change to the information in the financial statements;

(b) was chosen from alternatives permitted by SFRS(I)s;

(c) was developed in accordance with SFRS(I) 1-8 in the absence of a SFRS(I) that specifically applies;

(d) relates to an area for which an entity is required to make significant judgements or assumptions which are disclosed in accordance with SFRS(I) 1-122 and 125; or

(e) relates to complex accounting for which users of the financial statements would otherwise not understand the relating transactions, other events or conditions.

SFRS(I) 1-1:117A

Accounting policy information which relates to immaterial transactions, other events or conditions is immaterial and does not need to be disclosed. However, there may be accounting policy information which is considered material due to the nature of related transactions, other events or conditions even if the amounts are immaterial. Conversely, accounting policy information relating to material transactions, other events or conditions should not necessarily be considered material.

SFRS(I) 1-1:117C

SFRS(I) 1-1:117C notes that accounting policy information which is entity-specific, focusing on how the entity has applied the requirements of SFRS(I)s to its own circumstances, is more useful to users of the financial statements than standardised information or information which duplicates or summarises the requirements of the relevant SFRS(I)s.

SFRS(I) 1-1:117D
SFRS(I) 1-1:117E

If an entity chooses to disclose immaterial accounting policy information, that information should not obscure material accounting policy information. Further, if an entity concludes that accounting policy information is immaterial, that conclusion does not affect the related disclosure requirements of other SFRS(I)s.

The accounting policy information included in this document is for illustrative purposes and is assumed to be material in the context of this fictitious group.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Application of the 'four-step materiality process' in SFRS(I) Practice Statement 2 ("SFRS(I) PS2")

SFRS(I) PS2 provides guidance and examples to help entities apply its 'four-step materiality process' to accounting policy disclosures.

SFRS(I) PS2:33

The steps identified as a possible approach to the assessment of materiality in the preparation of the financial statements are, in summary:

(a) Step 1—identify. Identify information that has the potential to be material.

(b) Step 2—assess. Assess whether the information identified in Step 1 is, in fact, material.

(c) Step 3—organise. Organise the information within the draft financial statements in a way that communicates the information clearly and concisely to primary users.

(d) Step 4—review. Review the draft financial statements to determine whether all material information has been identified and materiality considered from a wide perspective and in aggregate, on the basis of the complete set of financial statements.

Subsidiaries

SFRS(I) 10:7

Subsidiaries are entities controlled by the group. Control is achieved when the group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Details of the group's significant subsidiaries and composition of the group are disclosed in Note 6.1.

Basis of consolidation

SFRS(I) 10:B88
SFRS(I) 10:B87
SFRS(I) 10:B86(c)
SFRS(I) 10:B96

The consolidated financial statements of the group incorporate the financial statements of the company and its subsidiaries. Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the those of the group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation. Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests in subsidiaries are identified separately from the group's equity and are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to the acquisition date, the carrying amounts of non-controlling interests are adjusted for the non-controlling interests' share of changes in equity. Losses are attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Company's separate financial statements

SFRS(I) 1-27:10 Investments in subsidiaries in the company's separate financial statements are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Associates and joint ventures

SFRS(I) 1-28:3
SFRS(I) 1-28:6 An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Details of the group's material associates are disclosed in Note 6.2.

SFRS(I) 1-28:3 A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Details of the group's material joint venture are disclosed in Note 6.3.

Equity method of accounting

SFRS(I) 1-28:10
SFRS(I) 1-28:15
SFRS(I) 1-28:38
SFRS(I) 1-28:39 The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investment in each associate or joint venture is initially recognised at cost, and are subsequently accounted for by including the group's share of its profit or loss and other comprehensive income or loss in the carrying amount of the investment until the date on which significant influence or joint control ceases. Dividends received reduce the carrying amount of the investment. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses.

SFRS(I) 1-28:28 When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.
SFRS(I) 1-28:36 When necessary, adjustments are made to align the associate's or joint venture's accounting policies with the those of the group.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Foreign currency transactions and translation

SFRS(I) 1-21:51
SFRS(I) 1-21:17
SFRS(I) 1-21:18
SFRS(I) 1-21:19

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

SFRS(I) 1-21:21
SFRS(I) 1-21:23
SFRS(I) 1-21:32
SFRS(I) 1-21:28
SFRS(I) 1-21:30

In preparing the financial statements of the respective group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (Note 4.4).

SFRS(I) 1-21:39
SFRS(I) 1-21:40
SFRS(I) 1-21:47

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the reporting date. 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. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

SFRS(I) 1-21:48
SFRS(I) 1-21:48A
SFRS(I) 1-21:48B

Upon the disposal of the entire interest in a foreign operation during the year, all of the exchange differences accumulated in the foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
December 31, 2023

Guidance notes – Currency and hyperinflation

The higher levels of general inflation have contributed to an increase in the number of jurisdictions that are subject to hyperinflation (as that term is defined in SFRS(I) 1-29 *Financial Reporting in Hyperinflationary Economies*). Entities are therefore increasingly facing the following challenges:

- Determining whether an economy is hyperinflationary as defined in SFRS(I) 1-29, which includes several characteristics of hyperinflation, although hyperinflation is most often evidenced when the cumulative inflation rate over three years approaches or exceeds 100%. It can also be challenging to decide which general price index should be applied to amounts in the financial statements.

- Determining an entity's functional currency in circumstances where both a local and international currency are in common use. This can be particularly significant where the local currency is hyperinflationary as SFRS(I) 1-29 is only applied by entities whose functional currency is the currency of a hyperinflationary economy (rather than by any entity operating in that economy).

- When exchanges between a local currency and globally traded currencies are restricted, it may be difficult to identify a suitable exchange rate for translating monetary items in individual financial statements and translating the financial statements of a foreign operation in its parent's presentation currency.

When inflation or exchange issues result in a significant judgement or give rise to a source of estimation uncertainty, disclosure should be provided as required by SFRS(I) 1-1:122 and SFRS(I) 1-1:125.

SFRS(I) 1-21:14

If the functional currency of the entity is the currency of a hyperinflationary economy, the entity's financial statements are restated in accordance with SFRS(I) 1-29. An entity cannot avoid restatement in accordance with SFRS(I) 1-29 by, for example, adopting as its functional currency a currency other than the functional currency determined in accordance with this Standard (such as the functional currency of its parent).

SFRS(I) 1-21:42

The results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

(a) all amounts (i.e. assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position, except that
(b) when amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

Source

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SFRS(I) 1-21:43

When an entity's functional currency is the currency of a hyperinflationary economy, the entity shall restate its financial statements in accordance with SFRS(I) 1-29 before applying the translation method set out in paragraph 42, except for comparative amounts that are translated into a currency of a non-hyperinflationary economy (see paragraph 42(b)). When the economy ceases to be hyperinflationary and the entity no longer restates its financial statements in accordance with SFRS(I) 1-29, it shall use as the historical costs for translation into the presentation currency the amounts restated to the price level at the date the entity ceased restating its financial statements.

Fair value measurement

SFRS(I) 13:9
SFRS(I) 13:11
SFRS(I) 13:24

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

SFRS(I) 13:73
SFRS(I) 13:76
SFRS(I) 13:81
SFRS(I) 13:86

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

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 inputs are unobservable inputs for the asset or liability.

Refer to Notes 3.5, 3.7 and 4.2 for details of non-financial assets and financial instruments that are measured at fair value on basis described above or where such fair values are disclosed.

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SFRS(I) 7:21 **Financial instruments**

SFRS(I) 9:3.1.1 Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments.

SFRS(I) 7:21 **Financial assets**

SFRS(I) 7:B5(c) All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

SFRS(I) 9:5.1.1 Financial assets are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs that are directly attributable to the acquisition or issue of financial assets (other than those at fair value through profit or loss). Transaction costs directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

SFRS(I) 9:4.1.1 All recognised financial assets are subsequently measured in their entirety at either amortised cost, fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss ('FVTPL') based on the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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The group classifies its financial assets in the following measurement categories. The basis of classification and subsequent measurement of the financial assets are further described in the respective notes.

Source	Measurement category	Criteria	Financial assets
SFRS(I) 9:4.1.2	Financial assets at amortised cost	Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI")	Cash and cash equivalents (Note 3.1) Trade and other receivables (Note 3.2) Listed redeemable notes and debentures (Note 4.3)
SFRS(I) 9:4.1.2A	Debt instruments classified as at FVTOCI	Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI	Listed corporate bonds (Note 4.3)
SFRS(I) 9:4.1.4 SFRS(I) 9:5.7.5	Equity instruments designated as at FVTOCI	On initial recognition of certain equity instruments that are not held for trading, the group has made an irrevocable election (on an instrument-by-instrument basis) to present subsequent changes in the instruments' fair value in other comprehensive income	Listed shares and unlisted shares (Note 4.3)
SFRS(I) 9:4.1.4	Financial assets at FVTPL	Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL	Listed shares (Note 4.3)

SFRS(I) 7:35F

Impairment of financial assets

SFRS(I) 9:5.5.1

SFRS(I) 7:35G(a)

The group recognises a loss allowance for expected credit losses ('ECL') on trade receivables and other receivables, contract assets and other debt instruments that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The ECL incorporates forward-looking information and is a probability-weighted estimate of the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. Details about the group's credit risk management and impairment policies are disclosed in Note 4.5.4.

Source

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Derecognition of financial assets

SFRS(I) 9:3.2.3(a)
SFRS(I) 9:3.2.6

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

SFRS(I) 7:21

Financial liabilities and equity

Classification as debt or equity

SFRS(I) 1-32:15

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

SFRS(I) 1-32:11

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

SFRS(I) 1-32:33

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities at amortised cost

SFRS(I) 9:4.2.1
SFRS(I) 9:5.1.1

Financial liabilities at amortised cost include trade and other payables and borrowings. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

SFRS(I) 9:3.3.1
SFRS(I) 9:3.3.3

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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1.4. Critical accounting judgements and key sources of estimation uncertainty

This section sets out the critical accounting judgements that have been applied as well as the key sources of estimation uncertainty that may have a material impact on the group's financial statements. Details of critical accounting judgements and key sources of estimation uncertainty which are specific to a line item in the financial statements are described within the note for that line item.

Guidance notes – Critical accounting judgements and key sources of estimation uncertainty

The examples in the respective notes are the types of disclosures that might be required in this area. The nature of these disclosures are specific to the illustrated group's particular facts and circumstances, and hence should be tailored to the context of a specific reporting entity.

SFRS(I) 1-1:122

1.4.1. Critical judgements in applying the group's material accounting policies

The critical judgements, apart from those involving estimations reported in Note 1.4.2, that management has made in the process of applying the group's material accounting policies and that have the most significant effect on the amounts reported in the financial statements are as follows and further explained in the respective notes:

- Note 2.2 'Revenue': *Revenue recognition – determining the timing of satisfaction of performance obligations*
- Note 2.5 'Finance costs': *Capitalisation of borrowing costs*
- Note 3.6 'Leases': *Identifying whether a contract includes a lease – Contract for the supply of sports shoes*
- Note 3.6 'Leases': *Determination of lease term*
- Note 6.1 'Subsidiaries': *Control over GAAP Manufacturing Limited and GAAP Leisure (Retail) Pte Ltd*
- Note 6.2 'Associates': *Significant influence over PAAG Pte Ltd*
- Note 6.3 'Joint venture': *Classification of JV Electronics Limited as a joint venture*

Guidance notes – Disclosure of critical judgements

Critical judgements made by management that are not specific to a note to the financial statements are detailed below:
[to include where applicable]

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SFRS(I) 1-1:125
SFRS(I) 1-1:128
SFRS(I) 1-1:129
SFRS(I) 1-1:131

1.4.2. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of specific assets and liabilities within the next financial year, are related to the following areas, and further explained in the respective notes:

- Note 2.6 'Income tax': *Uncertain tax position*
- Note 3.4 'Inventories': *Net realisable value of inventories*
- Note 3.5 'Property, plant and equipment': *Fair value measurement of freehold land and buildings*
- Note 3.7 'Investment property': *Fair value measurement of investment property*
- Note 3.8 'Goodwill': *Impairment of goodwill*
- Note 3.9 'Other intangible assets': *Recoverability of internally-generated intangible asset*
- Note 3.12 'Provisions': *Warranty provision, Provision for rectification work and Restoration provision*
- Note 4.2 'Fair value of financial assets and financial liabilities': *Fair value measurements and valuation processes*
- Note 4.5 'Financial risk management policies and objectives – 4.5.4. Credit risk management': *Calculation of loss allowance*

Guidance notes – Disclosure of key sources of estimation uncertainty

Key sources of estimation uncertainty that are not specific to a note to the financial statements are detailed below:
[to include where applicable]

SFRS(I) 1-34:26

If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is not published for that final interim period, the nature and amount of that change in estimate shall be disclosed in a note to the annual financial statements for that financial year.

Source

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1.5. Significant transactions, events or conditions in the current reporting period

This section includes information about the most important transactions, events or conditions during the reporting period and the financial reporting impacts arising.

Guidance notes – Significant transactions, events or conditions in the current reporting period

Entities are encouraged to identify the significant transactions, events or conditions that occurred in the current reporting period for separate disclosure, giving prominence to the most important matters and areas, to help users of the financial statements better understand how the entity's financial performance, financial position and cash flows are affected during the year.

1.5.1. Financial reporting impacts of climate-related matters

During December 2023, heavy rain in the north-eastern region of Country B caused flooding in several locations, resulting in damages to critical transport infrastructure which adversely affected the group's supply chain network. As a result, the group activated complex supply chain contingency plans to manage the transportation of goods to customers, which increased supply chain costs within the period as well as caused business interruptions due to store closures within the affected locations.

The impact from these acute weather events continues to be an area of focus for the group as it increases the resilience of its supply chain network.

SFRS(I) 1-1:31
SFRS(I) 1-1:112

The group has considered the potential financial impact arising from physical and transition risks of climate change to be material for the following areas, as explained in the respective notes:

- Note 3.4 'Inventories': *Net realisable value of inventories*
- Note 3.5 'Property, plant and equipment': *Impairment of property, plant and equipment and Useful lives of property, plant and equipment*

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Guidance notes – Financial reporting impacts of climate-related matters

Climate change is a topic in which investors and other stakeholders are increasingly interested because of its potential effect on companies' business models, cash flows, financial position and financial performance. SFRS(I)s do not refer explicitly to climate-related matters. However, companies are expected to consider climate-related matters in applying the accounting standards when the effect of those matters is material in the context of the financial statements taken as a whole.

The table in **Appendix A** gives an overview on areas of the illustrative financial statements that may be affected by climate change and disclosures should be adapted to explain how the group affects and/or is affected by climate change.

Guidance notes – Climate reporting

SGX has enhanced the sustainability reporting regime for listed companies by introducing a roadmap for issuers to provide climate-related disclosures based on recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Under the roadmap, climate-related disclosures consistent with the recommendations of the TCFD has been added as a new primary component for issuers' sustainability reports for the financial year commencing on or after January 1, 2022. For certain industry sectors that are more susceptible to climate risks as identified by the TCFD, climate-related disclosures will be progressively made mandatory.

The TCFD framework focuses on translating climate-related risks and opportunities into financial impacts by explaining how revenues, expenditures, assets and liabilities, and capital and financing may be affected. As the assessment and disclosure of financial impacts is a key aspect of the TCFD recommendations, it is important for entities to ensure that there is **connectivity** between the description of financial impacts in TCFD disclosures and what is being reported in the financial statements. In particular, entities should consider whether the degree of emphasis placed on climate-related matters elsewhere in the annual report is consistent with how climate matters have been reflected in the judgements and estimates applied in the financial statements.

In June 2023, the ISSB issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, which are built on the TCFD recommendations. The ISSB does not mandate the application of the standards. Jurisdictional authorities can decide whether to require entities to apply the standards.

In light of the two new IFRS Sustainability Disclosure Standards, the IFRS Foundation has republished its educational material *Effects of climate-related matters on financial statements* to remind stakeholders of the long-standing requirements in IFRS Accounting Standards to report on the effects of climate-related matters in the financial statements when those effects are material. Entities should consider the potential impacts of climate-related matters and make appropriate disclosures in their financial statements where material.

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In July 2023, the Accounting and Corporate Regulatory Authority ('ACRA') and Singapore Exchange Regulation ('SGX RegCo') launched a public consultation on the recommendations by the Sustainability Reporting Advisory Committee ('SRAC') to advance climate reporting in Singapore. The proposals include requiring listed issuers to report ISSB-aligned climate-related disclosures and large non-listed companies might soon be required to follow suit.

1.5.2. Changes in group structure

During the year, the group acquired 80% of the issued share capital of Huiji Electronic Systems Limited ('HESL'), obtaining control of HESL. Details of the acquisition are disclosed in Note 6.4.

The group also disposed of GAAP Playsystems Limited, which carries out all of the group's electronic toys manufacturing operations and represents a major line of business for the group. Details of the discontinued operation and disposal of subsidiary are disclosed in Notes 2.7 and 6.5 respectively.

1.5.3. Rectification work on goods supplied to a major customer

During the year, a major customer has identified defects in goods supplied by the group in the months of January to July 2023. Following negotiations, a schedule of rectification work was agreed between both parties and the group is expected to incur additional expenditure until 2025.

The group has considered the financial impacts arising from this event within the following notes:

- Note 2.2 'Revenue' – critical judgement applied in determining the timing of satisfaction of performance obligations for the defective goods

- Note 3.12 'Provisions' – disclosure of provision made for the estimated cost of the rectification work

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2. Group performance

This section provides information on the group's financial performance, including the performance of each of the group's segments as well as the computation of earnings per share.

2.1. Segment information

Guidance notes – Segment information

The following segment information is required by SFRS(I) 8 *Operating Segments*, to be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):

- Whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over the counter market, including local and regional markets); or
- That files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

SFRS(I) 8:22 requires entities to give a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining the aggregated operating segments share similar economic characteristics.

According to SFRS(I) 8:12, two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and the segments are similar in each of the following respects:

- The nature of the products and services
- The nature of the production processes
- The type or class of customer for their products and services
- The methods used to distribute their products or provide their services
- If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities

SFRS(I) 15 and SFRS(I) 8 do not have similar aggregation criteria. More disaggregation may be required under SFRS(I) 15, because SFRS(I) 8 permits aggregation in certain situations. Management should not assume the two disclosures will be disaggregated at the same level, unless they can conclude that the disaggregation level is the same in both Standards and segment revenue is measured on the same basis as the revenue Standard. In that case, the segment disclosures presented need not be repeated.

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SFRS(I) 8:22

Products and services from which reportable segments derive their revenues

Information reported to the group's chief operating decision maker ('CODM') for the purposes of resource allocation and assessment of segment performance is focused on the types of goods or services delivered or provided, and in respect of the 'electronic equipment' and 'leisure goods' operations, the information is further analysed based on the category of customer. Management has chosen to organise the group around differences in products and services. No operating segments have been aggregated in arriving at the reportable segments of the group.

Specifically, the group's reportable segments under SFRS(I) 8 are as follows:

Electronic equipment	- Direct sale customers - Wholesale customers - Internet customers
Leisure goods	- Wholesale customers - Retail customers
Computer software installation	- installation of computer software for specialised business applications

The leisure goods segments supply sports shoes and equipment, as well as outdoor play equipment.

The electronic equipment segments supply industrial electronic equipment to support the operations of heavy industrial machinery, automotive and electronic security systems. It also supplied electronic toys prior to discontinuation (see below).

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SFRS(I) 8:23
SFRS(I) 8:32
SFRS(I) 15:114
SFRS(I) 15:B87-89

Segment revenues and profits

The following is an analysis of the group's revenue and results by reportable segment and major product lines:

Source	Group	Revenue 2023	Revenue 2022	Net Profit 2023	Net Profit 2022
		$'000	$'000	$'000	$'000
	Continuing operations				
	Electronic equipment*				
	- Direct sale customers	100,882	108,220	8,324	8,120
	- Wholesale customers	405,953	323,588	30,085	20,028
	- Internet customers	109,986	108,287	5,732	3,981
	Leisure goods				
	- Wholesale customers	127,589	117,988	11,849	13,684
	- Retail customers	77,960	54,042	3,997	3,744
	Computer software installation	41,634	15,572	15,222	7,899
	Total for continuing operations	864,004	727,697	75,209	57,456
	Share of results of associates and joint venture			1,270	1,517
	Finance income - interest income			1,354	1,135
	Finance income - others			1,086	1,132
	Central administration costs and directors' salaries			(30,664)	(19,765)
	Other gains and losses			282	723
	Finance costs			(12,162)	(16,508)
SFRS(I) 8:28(b)	Profit before tax (continuing operations)			36,375	25,690
	Discontinued operation				
	Sale of electronic toys				
	- Retail customers	159,438	141,203	17,603	10,152
	Total for discontinued operation	159,438	141,203	17,603	10,152
	Central administration costs and directors' salaries			(2,067)	(2,432)
	Finance costs			(493)	(830)
SFRS(I) 8:28(b)	Profit before tax (discontinued operation)			15,043	6,890
	Income tax expense (continuing and discontinued operations)			(7,983)	(4,199)
SFRS(I) 8:28(a)	Consolidated revenue and profit for the year	1,023,442	868,900	43,435	28,381

* excluding electronic toys

Source

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SFRS(I) 8:23(a)
SFRS(I) 8:23(b)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2022 : $Nil).

SFRS(I) 8:27

The accounting policies of the reportable segments are the same as those applied by the group. Segment profit represents the profit earned by each segment without allocation of the share of results of associates and joint venture, central administration costs and directors' salaries, finance income, finance costs and income tax expense. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

SFRS(I) 8:23(f)

The rectification costs of $12.7 million disclosed in Note 3.12 relate to the electronic equipment - direct sale customers reportable segment.

SFRS(I) 8:27

Segment assets

		Group	
		2023	2022
		$'000	$'000
	Electronic equipment		
	- Direct sale customers	316,931	288,521
	- Wholesale customers	202,063	160,662
	- Internet customers	33,173	27,181
	Leisure goods		
	- Wholesale customers	316,201	333,737
	- Retail customers	43,911	43,726
	Computer software installation	7,778	3,796
	Total segment assets	920,057	857,623
	Assets relating to discontinued operations	-	-
	Unallocated assets	117,712	76,843
SFRS(I) 8:28(c)	Consolidated total assets	1,037,769	934,466

SFRS(I) 8:27(c)

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates (Note 6.2), investments in joint venture (Note 6.3), other financial assets (except for trade and other receivables) and tax assets. Goodwill has been allocated to reportable segments as described in Note 3.8. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

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Guidance notes – Segment assets

SFRS(I) 8:23 An entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker.

Other segment information

SFRS(I) 8:23(e)
SFRS(I) 8:24(b)

Group	Depreciation and amortisation 2023	Depreciation and amortisation 2022	Additions to non-current assets* 2023	Additions to non-current assets* 2022
	$'000	$'000	$'000	$'000
Electronic equipment				
- Direct sale customers	13,587	9,005	30,603	16,679
- Wholesale customers	8,878	4,817	40,982	24,972
- Internet customers	1,550	942	8,101	4,917
Leisure goods				
- Wholesale customers	5,287	2,191	11,494	5,661
- Retail customers	2,103	711	3,438	2,318
Computer software installation	1,151	470	387	271
	32,556	18,136	95,005	54,818

* The amounts exclude additions to financial instruments and deferred tax assets.

SFRS(I) 8:23(i)
SFRS(I) 1-36:129

In addition to the depreciation and amortisation reported above, impairment losses of $4.1 million (2022 : $Nil) and $0.5 million (2022 : $Nil) were recognised in respect of property, plant and equipment (Note 3.5), and goodwill (Note 3.8), respectively.

These impairment losses were attributable to the following reportable segments:

	2023
	$'000
Electronic equipment	
- Direct sale customers	2,130
- Wholesale customers	2,000
Leisure goods	463
	4,593

Source

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SFRS(I) 8:33(a),(b) Geographical information

The group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associates and joint venture, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Based on location of customer				
Country D	622,699	584,347	350,876	325,787
Singapore	171,486	121,803	180,551	118,446
Country B	52,701	37,432	101,501	127,850
Country E	137,892	97,942	20,000	20,000
Others	38,664	27,376	11,238	11,993
	1,023,442	868,900	664,166	604,076

SFRS(I) 8:34 Information about major customers

Included in revenues arising from sale of electronic equipment to wholesale customers are revenues of approximately $110.3 million (2022 : $90.2 million) which arose from sale to the group's largest customer. No other single customers contributed 10% or more to the group's revenue in 2023 and 2022.

Source

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2.2. Revenue

Guidance notes – Disclosure of revenue

SFRS(I) 15:113(a) SFRS(I) 15:113(a) requires revenue recognised from contracts with customers to be disclosed separately from its other sources of revenue (e.g. rental income) unless that amount is presented separately in the statement of comprehensive income in accordance with other Standards.

SFRS(I) 15:115 The group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (see Note 2.1).

SFRS(I) 15:114
SFRS(I) 15:B87-89 Disaggregation of the group's revenue for the year by timing of revenue recognition is as follows:

	Group	
	2023	2022
	$'000	$'000
At a point in time:		
Electronic equipment	467,708	419,404
Leisure goods	205,549	172,030
Sale of electronic toys	159,438	141,203
	832,695	732,637
Over time:		
Electronic equipment	149,113	120,691
Computer software installation	41,634	15,572
	190,747	136,263
	1,023,442	868,900

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Guidance notes – Disaggregation of revenue

SFRS(I) 15:114

SFRS(I) 15:114 requires an entity to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This disaggregation will depend on the entity's individual facts and circumstances.

In the illustrative financial statements, the group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker ('CODM') in order to evaluate the financial performance of the entity. The group also believes that presenting a disaggregation of revenue based on the timing of transfer of goods or services (i.e. at a point in time or over time) provides users of the financial statements with useful information as to the nature and timing of revenue from contracts with customers.

If an entity discloses disaggregated revenue on a basis other than that used for revenue information disclosed for each reportable segment the entity should disclose sufficient information to allow users of the financial statements to understand the relationship between these two disclosures.

Transaction price

SFRS(I) 15:120(a)

The transaction price allocated to unsatisfied and/or partially unsatisfied performance obligations as at the end of the reporting period are set out below:

	Group	
	2023	2022
	$'000	$'000
Maintenance obligations relating to electronic equipment	17,183	16,447
Installation of software services	1,489	1,396
	18,672	17,843

SFRS(I) 15:120(b)

Management expects that 72% (2022 : 60%) of the transaction price allocated to the unsatisfied and/or partially unsatisfied contracts as of the end of the reporting period amounting to $13.4 million (2022 : $10.7 million) will be recognised as revenue during the next reporting period. The remaining 28% (2022 : 40%) amounting to $4.4 million will be recognised in 2025 and $0.9 million in 2026 (2022 : $5.8 million will be recognised in 2024 and $1.3 million in 2025).

Source

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Guidance notes – Practical expedient on disclosure of transaction price allocated to remaining performance obligations

SFRS(I) 15:121 No disclosure of transaction price allocated to remaining performance obligations in accordance with SFRS(I) 15:120 is necessary if either of the following conditions is met:

(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or

(b) the entity recognises revenue from the satisfaction of the performance obligation based on the entity's right to invoice the customer in the amount that corresponds directly with the value of the entity's performance completed to date in accordance with SFRS(I) 15:B16.

SFRS(I) 15:122 When the practical expedient in SFRS(I) 15:121 is applied, SFRS(I) 15:122 requires disclosure of such application. SFRS(I) 15:122 also requires qualitative disclosure of whether any consideration from contracts with customers is not included in the transaction price (e.g. due to constraint on estimate of variable consideration) and, therefore, not included in the information disclosed in accordance with SFRS(I) 15:120.

SFRS(I) 15:109 Contract balances

Contract balances with customers and the related disclosures have been included in the following notes:

Trade and other receivables - Balance described as 'Trade receivables' (Note 3.2)
Contract assets (Note 3.3)
Contract liabilities (Note 3.11)

Guidance notes – Presentation of contract balances

There is no requirement in SFRS(I) 15 for contract balances (i.e. contract assets, receivables and contract liabilities) to be disclosed together at a single place in the financial statements. SFRS(I) 15 uses the terms 'contract asset' and 'contract liability' but does not prohibit an entity from using alternative descriptions in the statement of financial position for those items. If an entity uses an alternative description for a contract asset, the entity shall provide sufficient information for a user of the financial statements to distinguish between receivables and contract assets.

Materiality considerations will affect the line items to be disclosed separately within each relevant SFRS(I) 15 contract balance. A single net contract asset or liability should be presented for each contract balance. The contract balances in the context of this fictitious group are assumed to be material and are disclosed separately in the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Material accounting policy information

The group recognises revenue from the following major sources:

- Sale of leisure goods and electronic equipment, including the related loyalty programme 'Maxi–Points Scheme', maintenance included in the price of products sold, as well as warranty granted under local legislation; and

- Installation of computer software for specialised business applications.

SFRS(I) 15:31
SFRS(I) 15:46
SFRS(I) 15:47

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale leisure goods

SFRS(I) 15:119

The group sells sport shoes, sport equipment and outdoor play equipment both to the wholesale market and directly to customers through its own retail outlets.

SFRS(I) 15:125
SFRS(I) 15:108

For sales of leisure goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

SFRS(I) 15:125

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Sale electronic equipment

SFRS(I) 15:119(e)
SFRS(I) 15:B30

The group sells electronic equipment to the wholesale market and directly to customers both through its own retail outlets and through internet sales. Sales-related warranties associated with electronic equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the group accounts for warranty in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* (Note 3.12).

SFRS(I) 15:125

For sales of electronic equipment to the wholesale market and through retail outlets and internet sales, revenue is recognised by the group at a point in time in line with the policy outlined above for the sale of leisure goods.

SFRS(I) 15:106
SFRS(I) 15:117
SFRS(I) 15:125

For internet sales, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the group is recognised as contract liability (Note 3.11) until the goods have been delivered to the customer.

'Maxi-Points' customer loyalty programme

SFRS(I) 15:B39
SFRS(I) 15:B40

The group operates a 'Maxi-Points' loyalty programme through which retail customers accumulate points on purchases of leisure goods and electronic equipment that entitle them to discounts on future purchases. These points provide a discount to customers that they would not receive without purchasing the leisure goods or electronic equipment (i.e. a material right). The promise to provide the discount to the customer is therefore a separate performance obligation.

SFRS(I) 15:74
SFRS(I) 15:106
SFRS(I) 15:117
SFRS(I) 15:B42

The transaction price is allocated between the product, the maintenance services (if the product is electronic equipment, as described below) and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the group's historical experience. Contract liability (Note 3.11) is recognised for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognised when the points are redeemed by the customer. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Maintenance relating to electronic equipment

SFRS(I) 15:B41

Included in the transaction price for the sale of electronic equipment is an after–sales service. This service relates to maintenance work that may be required to be carried out on the equipment for a three–year period after sale. This period can then be extended if the customer requires additional years of maintenance service. The renewal of service after the three–year period will be for the price at which these are sold by the group to all of its customers as at the date of renewal regardless of the existence of a renewal option. Consequently, the option to extend the renewal period does not provide customers with any advantage when they enter into the initial contract and therefore no revenue has been deferred relating to this renewal option.

SFRS(I) 15:27
SFRS(I) 15:74
SFRS(I) 15:81
SFRS(I) 15:126(c)
SFRS(I) 15:B29

The maintenance service is considered to be a distinct service as it is both regularly supplied by the group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance service based on the stand-alone selling price of the service. Discounts are not considered as they are only given in rare circumstances and are never material.

SFRS(I) 15:35(a)
SFRS(I) 15:106
SFRS(I) 15:117
SFRS(I) 15:123(a)
SFRS(I) 15:124

Revenue relating to the maintenance service is recognised over time although the customer pays upfront in full for the service. Contract liability (Note 3.11) is recognised at the time of the initial sales transaction and is released on a straight-line basis over the service period (i.e. three years when the services are purchased together with the underlying equipment).

Installation of software services

SFRS(I) 15:35(b)
SFRS(I) 15:107
SFRS(I) 15:117
SFRS(I) 15:124

The group provides a service of installation of various software products for specialised business operations. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these installation services based on the stage of completion of the contract. Management has assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for installation of software services is not due from the customer until the installation services are completed and therefore a contract asset is recognised over the period in which the installation services are performed, representing the group's right to consideration for the services that have been transferred to the customer to date (Note 3.3). The contract assets are transferred to trade receivables when the right to payment becomes unconditional at the point at which it is invoiced to the customer.

Source

GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 1-1:122

Critical judgements in applying the group's accounting policies

SFRS(I) 15:123(a)
SFRS(I) 15:125

Revenue recognition – determining the timing of satisfaction of performance obligations

Note 3.12 describes the expenditure required in the year for rectification work to be carried out on goods supplied to one of the group's major customers. These goods were delivered to the customer in the months of January to July 2023, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the group until 2025. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of $102.0 million in the current year, in line with the group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in SFRS(I) 15 and, in particular, whether the group had transferred control of the goods to the customer. Following the detailed quantification of the group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management is satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

SFRS(I) 15:63

Guidance notes – Practical expedient on significant financing component

As a practical expedient, an entity need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

SFRS(I) 15:129

When the above practical expedient is applied, the entity shall disclose that fact.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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2.3. Finance income

		Group	
		2023	2022
		$'000	$'000
	Continuing operations		
SFRS(I) 7:20(b)	Interest income		
	Financial instruments measured at amortised cost:		
	Bank deposits	100	10
	Other debt instruments measured at amortised cost	624	495
	Debt instruments classified as at FVTOCI	630	630
		1,354	1,135
	Others		
SFRS(I) 7:B5(e)	Dividends received from equity investments designated as at FVTOCI		
SFRS(I) 7:11A(d)	- Relating to investments held at the end of the reporting period	1,086	1,132
	Total finance income	2,440	2,267

Material accounting policy information

SFRS(I) 7:B5(e)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI, and is calculated by applying the effective interest rate to the gross carrying amount of the debt instruments.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Dividends from equity investments designated as at FVTOCI are recognised in profit or loss when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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2.4. Other gains and losses

Source		Group 2023	Group 2022
		$'000	$'000
	Continuing operations		
SFRS(I) 7:20(a)(i)	Net gain (loss) arising on financial assets mandatorily measured at FVTPL (Note 4.3)	(279)	25
SFRS(I) 1-40:76(d)	Change in fair value of investment property (Note 3.7)	500	-
SFRS(I) 16:90(b)	Lease income on operating leases (Note 7.6)	600	680
SFRS(I) 1-21:52(a)	Net foreign exchange gain (loss)	(539)	18
		282	723

Guidance notes – Other gains and losses

SFRS(I) 7:20A

If the entity has gain or loss recognised in the statement of profit or loss and other comprehensive income arising from the derecognition of financial assets measured at amortised cost, to disclose:

(i) an analysis of the gain or loss, showing separately gains and losses arising from derecognition of those financial assets; and
(ii) the reasons for derecognising those financial assets.

Source

GAAP Singapore Ltd and its subsidiaries

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2.5. Finance costs

Source		Continuing operations		Discontinued operation		Total	
		2023	2022	2023	2022	2023	2022
		$'000	$'000	$'000	$'000	$'000	$'000
	Borrowing costs						
	Interest on borrowings	14,428	16,281	493	830	14,921	17,111
	Interest on convertible loan notes (Note 5.3)	1,260	-	-	-	1,260	-
SFRS(I) 16:49 SFRS(I) 16:53(b)	Interest on lease liabilities	240	227	-	-	240	227
SFRS(I) 7:20(b)	Total interest expense	15,928	16,508	493	830	16,421	17,338
SFRS(I) 1-23:26(a)	Less: Amounts included in the cost of qualifying assets	(3,571)	-	-	-	(3,571)	-
		12,357	16,508	493	830	12,850	17,338
	Others						
SFRS(I) 7:24C(b)(iv) SFRS(I) 9:6.5.11 (d)(ii)	(Gain) Loss arising on interest rate swaps designated as cash flow hedges reclassified from equity (Note 4.4)	(195)	-	-	-	(195)	-
		12,162	16,508	493	830	12,655	17,338

SFRS(I) 1-23:26(b)

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7% (2022 : 7%) to expenditure on such assets.

Source

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Notes to financial statements
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Material accounting policy information

SFRS(I) 1-23:6
SFRS(I) 1-23:8

Borrowing costs are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the amortised cost of a financial liability. Borrowing costs also include interest expense arising from lease liabilities.

SFRS(I) 1-23:12
SFRS(I) 1-23:22

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 when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are complete.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

SFRS(I) 1-1:122

Critical judgements in applying the group's accounting policies

Capitalisation of borrowing costs

Capitalisation of the borrowing costs relating to construction of the group's premises in Country A was suspended in 2022, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 2023 following the finalisation of revised plans, and the resumption of the activities necessary to prepare the asset for its intended use. Although construction of the premises was not restarted until May 2023, borrowing costs have been capitalised from February 2023, at which time the technical and administrative work associated with the project recommenced.

Source

GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 1-12:79-80

2.6. Income tax

2.6.1. Income tax expense

Income tax recognised in profit or loss

Source	Group	Continuing operations 2023	Continuing operations 2022	Discontinued operation 2023	Discontinued operation 2022	Total 2023	Total 2022
		$'000	$'000	$'000	$'000	$'000	$'000
SFRS(I) 1-12:79	Tax expense comprises:						
SFRS(I) 1-12:80(a)	Current tax expense	2,403	2,408	1,673	252	4,076	2,660
SFRS(I) 1-12:80(b)	Adjustments in respect of prior years	584	197	66	35	650	232
SFRS(I) 1-12:80(c)	Deferred tax expense relating to the origination and reversal of temporary differences	3,255	1,205	78	102	3,333	1,307
		6,242	3,810	1,817	389	8,059	4,199
SFRS(I) 1-12:80(d)	Effect of changes in tax rates and laws	(76)	-	-	-	(76)	-
	Total tax expense	6,166	3,810	1,817	389	7,983	4,199

SFRS(I) 1-12:81(c) Domestic income tax is calculated at 17% (2022 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Guidance notes – Exposure to Pillar Two income taxes

SFRS(I) 1-12:88C-D

In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity is required to disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation.

An entity is required to disclose qualitative and quantitative information about an entity's exposure to Pillar Two income taxes at the end of the reporting period. Such information does not need to reflect all the specific requirements of the legislation and could be provided in the form of an indicative range. To the extent information is not known or reasonably estimable, an entity should instead disclose a statement to that effect and information about its progress in assessing its exposure.

Examples of information an entity could disclose to meet these disclosure requirements include:

- Qualitative information such as information about how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist

- Quantitative information such as:
  - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
  - An indication of how the entity's average effective tax rate would have changed if Pillar Two legislation had been in effect.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Illustrative disclosure
Include where applicable.

SFRS(I) 1-12:88A

The group has applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the amendments to SFRS(I) 1-12 issued in May 2023. Accordingly, the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

SFRS(I) 1-12:88C-D

In July 2023, the government of [Country P], where the parent company is incorporated, enacted the Pillar Two income taxes legislation effective from January 1, 2024. Under the legislation, the parent company will be required to pay, in [Country P], top-up tax on profits of its subsidiaries that are taxed at an effective tax rate (calculated based on Pillar Two legislation) of less than 15 per cent. The main jurisdictions in which exposures to this tax may exist include [Country A] and [Country B]. As at December 31, 2023, approximately [x] per cent of the group's annual profits may be subject to the tax which are currently taxed at the average effective tax rate applicable to those profits of [y] per cent. This information is based on the profits and tax expense determined as part of the preparation of the group's consolidated financial statements, considering only certain adjustments that would have been required applying the legislation, namely [explain which adjustments were made]. As not all of the adjustments that would have been required by the legislation were made, the actual impact that the Pillar Two income taxes legislation would have had on the group's results if it had been in effect for the year ending December 31, 2023 may have been significantly different.

The group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Include where information is not known or reasonably estimable.

SFRS(I) 1-12:88D

The group's exposure to Pillar Two income taxes is currently not known or reasonably estimable and management is in the process of collating information on the application and operation of the Global Anti-Base Erosion (GloBE) Rules in various jurisdictions in which the group operates for the purpose of determining the group's exposure.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 1-12:81(c) The total charge for the year can be reconciled to the profit before tax as follows:

	Group	
	2023	2022
	$'000	$'000
Profit before tax:		
Continuing operations	36,375	25,690
Discontinued operation	15,043	6,890
	51,418	32,580
Income tax expense calculated at 17% (2022 : 17%)	8,741	5,539
Tax effect of income that are not taxable in determining taxable profit	(1,409)	(380)
Tax effect of expenses that are not deductible in determining taxable profit	279	51
Tax effect of share of results of associates and joint venture	(216)	(258)
Tax effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	-	(1,006)
Effect of different tax rates of subsidiaries operating in other jurisdictions	14	21
Effect on deferred tax balances due to the change in income tax rate from 18% to 17%	(76)	-
	7,333	3,967
Adjustments in respect of prior years	650	232
Income tax expense recognised in profit or loss	7,983	4,199

Guidance notes – Tax reconciliation

SFRS(I) 1-12:84 The reconciliation should enable users of financial statements to understand whether the relationship between tax expense and accounting profit is unusual and to understand the significant factors that could affect that relationship in the future. Distinguishing between recurring and non-recurring items may assist with this. It is also informative to state the effective tax rate. The relationship between tax expense and accounting profit may be affected by such factors as revenue that is exempt from taxation, expenses that are not deductible in determining taxable profit (tax loss), the effect of tax losses and the effect of foreign tax rates and it is useful to explain these items.

Source

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SFRS(I) 1-12:81(ab)
SFRS(I) 1-1:90

Income tax recognised in other comprehensive income

	Continuing operations Group 2023 $'000	Continuing operations Group 2022 $'000
Items that will not be reclassified subsequently to profit or loss:		
- Deferred tax arising from gain (loss) on property revaluation	2,492	(320)
- Deferred tax arising from fair value gain (loss) on investment in equity instruments designated as at FVTOCI	-	-
	2,492	(320)
Items that may be reclassified subsequently to profit or loss:		
- Deferred tax arising from fair value gain (loss) on investments in debt instruments measured at FVTOCI	-	-
- Deferred tax arising from fair value gain (loss) on hedging instruments during the period	-	-
	-	-
Total income tax recognised in other comprehensive income	2,492	(320)

Income tax recognised directly in equity

		Continuing operations Group 2023 $'000	Continuing operations Group 2022 $'000
SFRS(I) 1-12:81(a)	Deferred tax arising from initial recognition of equity component of convertible loan notes	174	-

Source

GAAP Singapore Ltd and its subsidiaries

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2.6.2. Deferred tax

SFRS(I) 1-12:81(g) (i),(ii)

The following are the major deferred tax liabilities and (assets) recognised by the group and the company, and the movements thereon, during the current and prior reporting periods:

SFRS(I) 1-12:81(a)
SFRS(I) 1-12:81(ab)
SFRS(I) 1-1:90

Group	Accelerated tax depreciation	Right-of-use assets*	Revaluation of building	Convertible loan notes - equity component	Provisions and other liabilities*	Tax losses	Net
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At January 1, 2022	2,157	386	1,046	-	(1,229)	(866)	1,494
Charge (Credit) to other comprehensive income	-	-	(320)	-	-	-	(320)
Charge (Credit) to profit or loss	1,350	302	(10)	-	94	(429)	1,307
At December 31, 2022	3,507	688	716	-	(1,135)	(1,295)	2,481
Charge directly to equity	-	-	-	174	-	-	174
Charge (Credit) to other comprehensive income	-	-	2,492	-	-	-	2,492
Charge (Credit) to profit or loss	2,460	87	-	(57)	(452)	1,295	3,333
Acquisition of subsidiary	150	-	-	-	-	(351)	(201)
Disposal of subsidiary	(255)	-	-	-	-	-	(255)
Exchange differences	86	-	35	-	-	20	141
Effect of change in tax rate	(49)	-	(27)	-	-	-	(76)
At December 31, 2023	5,899	775	3,216	117	(1,587)	(331)	8,089

SFRS(I) 1-8:28

* As at January 1, 2022, the group recognises deferred tax asset of $447,000 (December 31, 2022 : $737,000) and deferred tax liability of $386,000 (December 31, 2022 : $688,000) in relation to its lease liabilities and right-of-use assets respectively, following the adoption of the amendments to SFRS(I) 1-12 as disclosed in Note 1.2.

SFRS(I) 1-12:81(a)
SFRS(I) 1-12:81(ab)
SFRS(I) 1-1:90

Company	Convertible loan notes - equity component
	$'000
At January 1 and December 31, 2022	-
Charge directly to equity	174
Charge (Credit) to profit or loss	(57)
At December 31, 2023	117

Source

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SFRS(I) 1-12:74 The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax liabilities	9,109	4,187	117	-
Deferred tax assets	(1,020)	(1,706)	-	-

SFRS(I) 1-12:81(e) Subject to the agreement by the tax authorities, at the reporting date, the group has unused tax losses of $2.2 million (2022 : $10.5 million) available for offset against future profits. A deferred tax asset has been recognised in respect of $1.9 million (2022 : $7.6 million) of such losses. No deferred tax asset has been recognised in respect of the remaining $0.3 million (2022 : $2.9 million) as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of $0.2 million (2022 : $2.5 million) that will expire in 2024. Other losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

SFRS(I) 1-12:81(f) No deferred tax liability is recognised on temporary differences of $7.9 million (2022 : $6.3 million) relating to the unremitted earnings of overseas subsidiaries as the group is able to control the timings of the reversal of these temporary differences and it is probable they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

Material accounting policy information

SFRS(I) 1-12:58 Income tax expense represents the sum of current and deferred tax. It is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

SFRS(I) 1-12:5 Current tax payable represents the amount expected to be paid to taxation authorities on taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects the uncertainty related to income taxes.

Source

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Deferred tax

SFRS(I) 1-12:15
SFRS(I) 1-12:24

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. 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 (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit, and does not give rise to equal taxable and deductible temporary differences.

SFRS(I) 1-12:39
SFRS(I) 1-12:44

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 timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences associated with such investments and interests only if it is probable that future taxable amounts will be available to utilise those temporary differences.

SFRS(I) 1-12:56

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

SFRS(I) 1-12:47

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

SFRS(I) 1-12:51C

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the group has not rebutted this presumption. For the freehold land and buildings measured at revalued amount, the group expects the carrying amount to be recovered through use.

Offsetting

SFRS(I) 1-12:71
SFRS(I) 1-12:74

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

Source

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SFRS(I) 1-1:125

Key sources of estimation uncertainty

Uncertain tax position

The group's current tax provision of $0.7 million relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the tax authority of Country C. Uncertain tax items for which the provision of $0.7 million is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Whilst a range of outcomes is reasonably possible, the extent of the reasonably possible range is from additional liabilities of up to $0.5 million to a reduction in liabilities of up to $0.3 million.

Source

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2.7. Discontinued operation

SFRS(I) 5:30
SFRS(I) 5:32
SFRS(I) 5:41

On May 14, 2023, the group entered into a sale agreement to dispose of GAAP Playsystems Limited, which carries out all of the group's electronic toys manufacturing operations and represents a major line of business for the group. The disposal was effected in order to generate cash flow for the expansion of the group's other businesses. The disposal was completed on November 30, 2023, on which date control of GAAP Playsystems Limited passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 6.5.

SFRS(I) 5:33(b)
SFRS(I) 5:34

The results of the discontinued operation, which have been included in the profit for the year, were as follows:

		Group	
		2023	2022
		$'000	$'000
SFRS(I) 5:33(b)(i)	Revenue	159,438	141,203
	Cost of sales	(97,431)	(79,923)
	Distribution costs	(19,447)	(16,458)
	Administrative expenses	(35,517)	(37,102)
	Finance costs	(493)	(830)
SFRS(I) 5:33(b)(i)	Profit before tax	6,550	6,890
SFRS(I) 5:33(b)(ii) SFRS(I) 1-12:81(h)	Income tax expense	(1,817)	(389)
		4,733	6,501
SFRS(I) 5:33(b)(iii)	Gain on disposal of discontinued operation (Note 6.5)	8,493	-
SFRS(I) 5:33(b)(iv) SFRS(I) 1-12:81(h)	Income tax expense	-	-
SFRS(I) 5:33(d)	Profit for the year from discontinued operation (attributable to owners of the company)	13,226	6,501

SFRS(I) 5:33(c)
SFRS(I) 5:34

During the year, GAAP Playsystems Limited contributed $4.8 million (2022 : $4.3 million) to the group's net operating cash flows, paid $1.4 million (2022 : $2.9 million) in respect of investing activities and paid $0.9 million (2022 : $3.7 million) in respect of financing activities.

Source

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SFRS(I) 1-1:104

2.8. Profit for the year

Guidance notes – Additional disclosure for analysis of expenses by function

Separate disclosure of employee benefits expense and depreciation is required where the analysis of expenses recognised in profit or loss are presented by function.

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

Source	Group	Continuing operations 2023	Continuing operations 2022	Discontinued operation 2023	Discontinued operation 2022	Total 2023	Total 2022
		$'000	$'000	$'000	$'000	$'000	$'000
	Depreciation and amortisation:						
SFRS(I) 1-1:104	Depreciation of property, plant and equipment	28,447	16,392	1,420	2,650	29,867	19,042
SFRS(I) 16:49 SFRS(I) 16:53(a)	Depreciation of right-of-use assets	1,495	898	-	-	1,495	898
SFRS(I) 1-38:118(d)	Amortisation of intangible assets	2,614	846	-	-	2,614	846
SFRS(I) 1-1:104	Total depreciation and amortisation	32,556	18,136	1,420	2,650	33,976	20,786
	Impairment loss on non-financial assets:						
SFRS(I) 1-36:126(a)	Impairment of property, plant and equipment	4,130	-	-	-	4,130	-
SFRS(I) 1-36:126(a)	Impairment of goodwill	463	-	-	-	463	-
	Impairment loss on financial assets:						
SFRS(I) 15:113(b)	Loss allowance on trade receivables and contract assets	3,577	253	-	-	3,577	253

Source

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Source	Group	Continuing operations 2023 $'000	Continuing operations 2022 $'000	Discontinued operation 2023 $'000	Discontinued operation 2022 $'000	Total 2023 $'000	Total 2022 $'000
	Employee benefits expense (including directors' remuneration):						
SFRS(I) 2:50	Share-based payments						
SFRS(I) 2:51(a)	Equity-settled	2,740	1,092	120	110	2,860	1,202
SFRS(I) 2:51(a)	Cash-settled	3,059	3,431	105	85	3,164	3,516
SFRS(I) 1-19:53	Defined contribution plans	8,200	5,760	1,600	1,540	9,800	7,300
	Other employee benefits	91,498	82,311	10,614	9,841	102,112	92,152
SFRS(I) 1-1:104	Total employee benefits expense	105,497	92,594	12,439	11,576	117,936	104,170
CCG.8.3	**Directors' remuneration:**						
	- paid by the company	1,232	1,089	-	-	1,232	1,089
	- paid by the subsidiaries	726	655	121	135	847	790
	Total directors' remuneration	1,958	1,744	121	135	2,079	1,879
	Inventories:						
SFRS(I) 1-2:36(d)	Cost of inventories recognised as expense	533,705	458,372	97,431	79,923	631,136	538,295
SFRS(I) 1-2:36(e)	Write-downs of inventories recognised as an expense	2,340	1,890	-	-	2,340	1,890
SFRS(I) 1-2:36(f)	Reversal of write-downs of inventories	(510)	(420)	-	-	(510)	(420)
	Leases:						
SFRS(I) 16:53(c)	Expense relating to short-term leases	535	788	-	-	535	788
SFRS(I) 16:53(d)	Expense relating to leases of low value assets	502	486	-	-	502	486
SFRS(I) 1-38:126	Research and development costs	4,800	6,560	-	-	4,800	6,560
SFRS(I) 1-20:20	Government grant	(2,165)	(3,238)	-	-	(2,165)	(3,238)

Source

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Source	Group	Continuing operations 2023 $'000	Continuing operations 2022 $'000	Discontinued operation 2023 $'000	Discontinued operation 2022 $'000	Total 2023 $'000	Total 2022 $'000
	Amount of fees paid or payable to auditors:						
LM 1207(6)(a) R410.31(a)	Audit fees:						
	- auditors of the company and Deloitte network firms	800	750	100	95	900	845
	- other auditors	70	60	-	-	70	60
	Total audit fees	870	810	100	95	970	905
LM 1207(6)(a) R410.31(b)	Non-audit fees:						
	- auditors of the company and Deloitte network firms	220	200	-	10	220	210
	- other auditors	40	30	-	-	40	30
	Total non-audit fees	260	230	-	10	260	240
	Aggregate amount of fees paid or payable to auditors	1,130	1,040	100	105	1,230	1,145

Guidance notes – Disclosure of audit fees and non-audit fees

LM 1207(6)
R410.31

Where a company is listed, the disclosures relating to audit fees are required to be made in the annual report i.e. not necessarily in the financial statements.

The specific disclosures required for listed companies are:

LM 1207(6)(a)

(a) The aggregate amount of fees paid to auditors, broken down into audit and non-audit services. If there are no audit or non-audit fees paid, to make an appropriate negative statement.

LM 1207(6)(b)

(b) Confirmation by the audit committee that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit committee's opinion, affect the independence of the auditors.

LM 1207(6)(c)

(c) A statement that the issuer complies with Rules 712, and Rule 715 or 716 in relation to appointment of its auditing firms.

Source

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R410.31 The Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') requires the disclosure of —

(a) Fees paid or payable to the firm and network firms for the audit of the financial statements on which the firm expresses an opinion;

(b) Fees, other than those disclosed under (a), charged to the client for the provision of services by the firm or a network firm during the period covered by the financial statements on which the firm expresses an opinion. For this purpose, such fees shall only include fees charged to the client and its related entities over which the client has direct or indirect control that are consolidated in the financial statements on which the firm will express an opinion;

(c) Any fees, other than those disclosed under (a) and (b), charged to any other related entities over which the audit client has direct or indirect control for the provision of services by the firm or a network firm when the firm knows, or has reason to believe, that such fees are relevant to the evaluation of the firm's independence; and

(d) If applicable, the fact that the total fees received by the firm from the audit client represent, or are likely to represent, more than 15% of the total fees received by the firm for two consecutive years, and the year that this situation first arose.

410.31 A1 Other information relating to fees that will enhance the users' understanding of the fees paid or payable might also be disclosed e.g. fees charged for the provision of audit-related services, if material relative to the non-audit fees paid or payable to the auditors of the company and Deloitte network firms.

Include where applicable.

The non-audit fees paid or payable to the auditors of the company and Deloitte network firms include fees for audit-related services of $_____ (2022 : $_____).

Source

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Material accounting policy information

The material accounting policy information relating to the items disclosed in this note that are not mentioned elsewhere in the financial statements are as below:

SFRS(I) 1-19:44

Defined contribution plans

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlement

Other employment benefits include employee entitlements to annual leave which are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

SFRS(I) 1-20:39(a)

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. The grant income is presented under 'other operating income' line item.

Source

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Guidance notes – Government grants

Governments may be providing support to entities through programmes that do not result in recognition of income in the financial statements of the participating entities.

For example, certain governments are offering short-term debt facilities, sometimes in the form of commercial paper, to support liquidity of entities. To the extent that the interest rate paid by the borrower and other terms of the debt instruments reflect market conditions, the borrowing does not include a government grant that requires recognition in the financial statements. Nevertheless, such support is considered government assistance under SFRS(1) 1-20 *Accounting for Government Grants and Disclosure of Government Assistance*.

Entities will need to consider if the significance of the benefit received is such that disclosure of the nature, extent and duration of the assistance is necessary in order to avoid the financial statements from being misleading.

Include where applicable.

SFRS(I) 1-20:20
SFRS(I) 1-20:39(b)

In 2023, government grants of $__ were received as part of a government initiative to provide immediate financial support as a result of [describe event that led to receipt of grants and the effect the grants have on the results]. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Guidance notes – Presentation and disclosure of grant income

SFRS(I) 1-20:29

According to SFRS(I) 1-20:29, the grant income can be presented either (1) separately as grant income or under 'other income'; or (2) deducted against the related expense e.g. salary costs.

Disclosure requirements of SFRS(I) 1-20:31 and 39 should also be considered. As part of the disclosure requirements, where the grant income is deducted against the related expense, clear disclosures on the effects of the grant income on the related expense will need to be included in the notes to the financial statements.

Source

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2.9. Earnings per share

Guidance notes – Earnings per share

SFRS(I) 1-33 *Earnings Per Share* requires that earnings per share (EPS) information be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):

- Whose ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets); or
- That files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing ordinary shares in a public market.

If other entities choose to disclose EPS information voluntarily in their financial statements that comply with SFRS(I), the disclosures in relation to the EPS information should comply fully with the requirements set out in SFRS(I) 1-33.

From continuing and discontinued operations

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

SFRS(I) 1-33:70(a)

Earnings	2023	2022
	$'000	$'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the company)	42,826	28,284
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of tax)	1,040	-
Earnings for the purpose of diluted earnings per share	43,866	28,284

Notes to financial statements

Source

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Source	Number of shares	2023	2022
		'000	'000
SFRS(I) 1-33:70(b)	Weighted average number of ordinary shares for the purposes of basic earnings per share	120,825	120,000
SFRS(I) 1-33:70(c)	Effect of dilutive potential ordinary shares:		
	Share options	2,860	1,872
	Convertible loan notes	45,000	-
	Weight average number of ordinary shares for the purposes of diluted earnings per share	168,685	121,872

From continuing operations

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

Source	Earnings	2023	2022
SFRS(I) 1-33:70(a)		$'000	$'000
	Profit for the year attributable to owners of the company	42,826	28,284
	Less: Profit for the year from discontinued operation	(13,226)	(6,501)
	Earnings from continuing operations for the purpose of basic earnings per share	29,600	21,783
	Effect of dilutive potential ordinary shares:		
	Interest on convertible loan notes (net of tax)	1,040	-
	Earnings from continuing operations for the purpose of diluted earnings per share	30,640	21,783

SFRS(I) 1-33:70(b) The number of shares used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

SFRS(I) 1-33:68 From discontinued operation

Basic earnings per share for the discontinued operation is 10.9 cents per share (2022 : 5.4 cents per share) and diluted earnings per share for the discontinued operation is 7.8 cents per share (2022 : 5.3 cents per share), based on the profit for the year from the discontinued operation of $13.2 million (2022 : $6.5 million) and the number of shares above for both basic and diluted earnings per share.

Source

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Material accounting policy information

SFRS(I) 1-33:10 Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

SFRS(I) 1-33:30
SFRS(I) 1-33:31 Diluted earnings per share is calculated by adjusting the profit for the year attributable to owners of the company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

SFRS(I) 1-33:72 Options granted to employees under the Employee Share Option Scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. The average market value of the company's ordinary shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding. Details relating to the options are disclosed in Note 5.9.

Convertible loan notes issued during the year are assumed to be converted and are considered to be potential ordinary shares, and therefore have been included in the determination of diluted earnings per share from their date of issue. The interest on convertible loan notes (net of tax) recognised during the year has been adjusted from the profit for the year attributable to owners of the company for the purpose of calculating diluted earnings per share. Details relating to the convertible loan notes are disclosed in Note 5.3.

Source

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Guidance notes – Potential dilutive shares

SFRS(I) 1-33:70(c)

Entities shall disclose instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the period(s) presented.

Guidance notes – Earnings per share

When there is a change in accounting policy or correction of material prior period error that has an effect on the current period or any prior period, the impact on the basic and diluted earnings per share should be disclosed.

Impact of changes in accounting policy

SFRS(I) 1-8:28(f)(ii)

	Impact on profit for the year from continuing operations		*Impact on basic earnings per share*		*Impact on diluted earnings per share*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
	$'000	*$'000*	*Cents per share*	*Cents per share*	*Cents per share*	*Cents per share*
Changes in accounting policies relating to:						
- Application of the amendments to xxx	*xx*	*xx*	*xx*	*xx*	*xx*	*xx*
- Others (Please specify)	*xx*	*xx*	*xx*	*xx*	*xx*	*xx*
	xx	*xx*	*xx*	*xx*	*xx*	*xx*

Impact of prior period errors

SFRS(I) 1-8:49(b)(ii)

	Impact on profit for the year from continuing operations		*Impact on basic earnings per share*		*Impact on diluted earnings per share*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
	$'000	*$'000*	*Cents per share*	*Cents per share*	*Cents per share*	*Cents per share*
Changes relating to prior period errors:						
- [Specify relevant prior period error]	*xx*	*xx*	*xx*	*xx*	*xx*	*xx*
	xx	*xx*	*xx*	*xx*	*xx*	*xx*

Source

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3. Operating assets and liabilities

This section contains details pertaining to the assets utilised for and liabilities that arose from the group's principal activities.

SFRS(I) 1-7:45

3.1. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash and bank balances	29,942	22,000	2,074	647
Less: Bank overdrafts (Note 5.2)	(1,907)	(1,909)	-	-
Add: Cash and cash equivalents included in a disposal group held-for-sale	-	-	-	-
Cash and cash equivalents in the statement of cash flows	28,035	20,091	2,074	647

Material accounting policy information

SFRS(I) 1-7:6
SFRS(I) 9:5.4

Cash and bank balances comprise cash on hand and on-demand deposits which are subsequently measured at amortised cost.

SFRS(I) 1-7:46

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances as described above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

Guidance notes – Cash equivalents

Include where applicable.

Material accounting policy information

SFRS(I) 1-7:6
SFRS(I) 1-7:7

Cash equivalents include short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Source

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Guidance notes – Restricted cash and cash equivalents

In April 2022, the IFRS IC published the agenda decision on Demand deposits with restrictions on use arising from a contract with a third party. The IFRS IC discussed whether an entity includes a demand deposit as a component of cash and cash equivalents in the statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. The IFRS IC concluded that restrictions on use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. The IFRS IC also discussed the presentation and disclosure considerations for the demand deposit subject to contractual restrictions on use.

See below for an illustration of disclosures related to a demand deposit subject to third party restrictions:

SFRS(I) 1-7:48

Cash and bank balances of the group include demand deposits of $__ million (2022 : $nil million) that are required to be maintained as warranty and can be used only to settle future claims, if any, on the completed [Project X]. The contractual restriction on the use of demand deposits ends on 1 August 2024.

Source

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SFRS(I) 7:6
SFRS(I) 7:7

3.2. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables	76,515	113,486	-	-
Loss allowance (Note 4.5.4)	(7,540)	(4,430)	-	-
	68,975	109,056	-	-
Deferred consideration from the disposal of GAAP Playsystems Limited (Note 6.5)	23,539	-	-	-
Other receivables	398	323	-	-
Prepayments	587	350	-	-
Other receivables due from subsidiaries (Note 7.1)	-	-	89,371	55,895
	93,499	109,729	89,371	55,895

SFRS(I) 15:116(a) As at January 1, 2022, trade receivables from contracts with customers amounted to $76.9 million (net of loss allowance of $4.2 million).

Material accounting policy information

SFRS(I) 9:5.1.3
SFRS(I) 9:5.4

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and are therefore classified as current. Trade receivables are initially measured at their transaction price, unless they contain significant financing components, when they are recognised at fair value. They are subsequently measured at amortised cost, less loss allowance.

Deferred consideration and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less loss allowance.

Details about the group's credit risk management and impairment policies are disclosed in Note 4.5.4.

Source

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Guidance notes – Classification of current and non-current assets

SFRS(I) 1-1:66

An asset is classified as a current asset when it satisfies any of the following criteria:

- it is expected to be realised in the entity's normal operating cycle;
- it is intended for sale or consumption in the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months of the reporting period; or
- it is cash or a cash equivalent (as defined in SFRS(I) 1-7) unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

Guidance notes – Factoring of receivables

SFRS(I) 1-7:44A-44E

When an entity enters into arrangements for factoring of receivables where they are not fully derecognised, it is important that the policy adopted for the treatment of cash flows arising is clearly explained and that any non-cash financing transactions are disclosed in accordance with SFRS(I) 1-7:43. In particular, an explanation of whether the cash flows received on the receivables are treated as operating inflows with associated financing outflows that are deemed to repay the financing liability that was recognised when the receivables were transferred. Balances that will give rise to financing cash flows should also be included in the disclosure of changes in such balances required by SFRS(I) 1-7:44A-44E.

SFRS(I) 7 requires disclosure for transactions involving transfers of financial assets, where an asset is transferred but is not derecognised or where an asset is derecognised but the entity continues to have a continuing involvement to the asset after the sale.

SFRS(I) 7:42A
SFRS(I) 7:42B
SFRS(I) 7:42D

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

During the period, the group transferred $__ million (2022 : $__million) of trade receivables to an unrelated entity. As part of the transfer, the group provided the transferee a credit guarantee over the expected losses of those receivables. Accordingly, the group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see Note x). At the end of the reporting period, the carrying amount of the transferred short-term receivables is $__ million. The carrying amount of the associated liability is $__ million.

Source

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

	Group	
	2023	*2022*
	$'000	*$'000*
Transferred trade receivables – at fair value	*xx*	*xx*
Secured borrowings (Note x) – at fair value	*xx*	*xx*
Net position	*xx*	*xx*

Source

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3.3. Contract assets

Source		Group		
		December 31, 2023	December 31, 2022	January 1, 2022
		$'000	$'000	$'000
SFRS(I) 15:116(a)	Installation of software services	14,758	14,039	12,060
	Loss allowance (Note 4.5.4)	(148)	(141)	(277)
		14,610	13,898	11,783

Material accounting policy information

Refer to Note 2.2 for the material accounting policy information relating to recognition of revenue and contract assets from installation of software services.

The group recognises a loss allowance for contract assets. Details about the group's credit risk management and impairment policies are disclosed in Note 4.5.4.

Guidance notes – Contract assets

SFRS(I) 15:116(a)

Entities are required to disclose the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. Hence, the balances as at January 1, 2022, being the opening balances of the comparative period, are presented.

SFRS(I) 15:118

SFRS(I) 15:118 contains a requirement to explain the significant changes in the contract asset (and contract liability) balance during the reporting period. This explanation should include qualitative and quantitative information. Examples of changes in the contract asset and liability balances may include any of the following:

a) changes due to business combinations;
b) cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification;
c) impairment of a contract asset;
d) a change in the time frame for a right to consideration to become unconditional (i.e. for a contract asset to be reclassified to a receivable); and
e) a change in the time frame for a performance obligation to be satisfied (i.e. for the recognition of revenue arising from a contract liability.

Source

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SFRS(I) 1-2:36(b)

3.4. Inventories

Source		Group 2023	Group 2022
		$'000	$'000
SFRS(I) 1-2:37	Raw materials	83,435	80,504
SFRS(I) 1-2:37	Work-in-progress	2,578	1,893
SFRS(I) 1-2:37	Finished goods	29,927	25,523
		115,940	107,920
	Classified as part of a disposal group held for sale (Note 6.6)	202	-
		116,142	107,920

SFRS(I) 1-1:61 Inventories of $1.3 million (2022 : $0.9 million) are expected to be recovered after more than twelve months.

SFRS(I) 1-2:36(h) Inventories with carrying amounts of $26.4 million (2022 : $19.3 million) have been pledged as security for certain of the group's bank overdrafts.

Guidance notes – Reversal of write-downs

SFRS(I) 1-2:36 (f),(g) The reversal of any write-down of inventories shall be disclosed in the financial statements along with the circumstances or events that led to the reversal of the write-down.

For example:
Due to an increase in the demand for certain goods and a result of changes in consumer preferences, the group reversed $__ million, being part of an inventory write-down made in 2022, to the current year profit or loss. The reversal is included in 'Cost of sales' line item.

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

Material accounting policy information

SFRS(I) 1-2:36(a) Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to financial statements

Source

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SFRS(I) 1-1:125

Key sources of estimation uncertainty

Net realisable value of inventories

The group reviews inventory balances periodically for excess inventories, obsolescence and declines in selling price, and the associated costs to complete and sell the inventories. The group determines the net realisable value of inventories based on current market conditions, historical experience, expected demand or utilisation of inventories, and estimated costs to complete the sales. The assumptions could change significantly as a result of changes in market conditions and technological trends impacting demand from customers or cost inflations due to supply chain disruptions, some of which are the result of climate-related factors which are further discussed below.

SFRS(I) 1-2:36 (e)-(g)

Based on the assessment, amount of $2.3 million (2022 : $1.9 million) has been written down based on the estimated net realisable values, and this has been reduced by $0.5 million (2022 : $0.4 million) in respect of the reversal of previous write-downs due to increased sales price in certain markets. The amount of write-downs, net of reversal, is included in 'Cost of sales' line item.

Financial reporting impacts of climate-related matters

Net realisable value of inventories

The flooding event that occurred in several locations of Country B during December 2023 had affected access to critical transport infrastructure at those locations but there was no damage to the group's inventories and storage facility. The group was able to activate contingency plans to manage transportation of goods to major customers and incurred material increase in distribution costs by approximately 30% as a result. The group has considered the increased costs in estimating the amount of inventory write-downs for the current year.

The group's electronic equipment segments supply industrial electronic equipment to support the operations of heavy industrial machinery, automotive and electronic security systems. The group may face escalating costs associated with raw materials or production processes in the event of regulatory changes such as increased carbon taxes to meet the 2030 emissions reduction targets committed by various jurisdictions in which the group operates. The group closely monitors possible climate-related transition risks arising from regulatory changes and customers' changing demands and at this stage, the group does not consider a significant increase in risks of further inventory write-downs in the foreseeable near term due to these climate related factors.

Source

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3.5. Property, plant and equipment

Source		Freehold land and buildings	Properties under construction	Plant and equipment	Total
		$'000	$'000	$'000	$'000
	Group				
	Cost or valuation:				
SFRS(I) 1-16:73 (d),(e)	At January 1, 2022	448,096	74,002	75,572	597,670
SFRS(I) 1-16:74(b)	Additions	-	3,698	30,107	33,805
	Exchange differences	(1,569)	-	(142)	(1,711)
	Disposals	-	-	(5,000)	(5,000)
	Revaluation decrease	(12,745)	-	-	(12,745)
	At December 31, 2022	433,782	77,700	100,537	612,019
	Additions	-	7,260	64,985	72,245
	Acquired on acquisition of a subsidiary	-	-	8,907	8,907
	Exchange differences	2,103	-	972	3,075
	Disposal of a subsidiary	-	-	(22,402)	(22,402)
	Disposals	-	-	(6,413)	(6,413)
	Reclassified as held for sale	-	-	(3,400)	(3,400)
	Revaluation increase	2,060	-	-	2,060
	At December 31, 2023	437,945	84,960	143,186	666,091
SFRS(I) 1-16:73(a)	Comprising:				
	December 31, 2022				
	At cost	-	77,700	100,537	178,237
SFRS(I) 13:93(e)	At valuation	433,782	-	-	433,782
SFRS(I) 1-16:77		433,782	77,700	100,537	612,019
	December 31, 2023				
	At cost	-	84,960	143,186	228,146
SFRS(I) 13:93(e)	At valuation	437,945	-	-	437,945
SFRS(I) 1-16:77		437,945	84,960	143,186	666,091

Notes to financial statements

Source

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Source		Freehold land and buildings	Properties under construction	Plant and equipment	Total
		$'000	$'000	$'000	$'000
	Group				
	Accumulated depreciation:				
	At January 1, 2022	-	-	39,331	39,331
	Depreciation	10,694	-	8,348	19,042
	Exchange differences	(794)	-	(102)	(896)
	Eliminated on disposals	-	-	(1,000)	(1,000)
	Eliminated on revaluation	(9,900)	-	-	(9,900)
	At December 31, 2022	-	-	46,577	46,577
	Depreciation	13,172	-	16,695	29,867
	Exchange differences	51	-	927	978
	Eliminated on disposal of a subsidiary	-	-	(12,277)	(12,277)
	Eliminated on disposals	-	-	(5,614)	(5,614)
	Reclassified as held for sale	-	-	(1,702)	(1,702)
	Eliminated on revaluation	(13,223)	-	-	(13,223)
	At December 31, 2023	-	-	44,606	44,606
	Impairment:				
	At January 1, 2022	-	-	-	-
	Impairment loss	-	-	-	-
	At December 31, 2022	-	-	-	-
SFRS(I) 1-36:126(a)	Impairment loss	-	-	4,130	4,130
	At December 31, 2023	-	-	4,130	4,130
	Carrying amount:				
	At December 31, 2023	437,945	84,960	94,450	617,355
	At December 31, 2022	433,782	77,700	53,960	565,442

Source

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Guidance notes – Property, plant and equipment subject to operating lease as a lessor

SFRS(I) 16:95

Although not illustrated in this set of illustrative financial statements, for items of property, plant and equipment which are subject to an operating lease, a lessor should apply the disclosure requirements of SFRS(I) 1-16.

For this purpose, each class of property, plant and equipment should be segregated into assets subject to operating leases and assets not subject to operating leases i.e. the disclosures required by SFRS(I) 1-16 should be provided separately for assets subject to an operating lease (by class of underlying asset) and owned assets held and used by the lessor.

SFRS(I) 13:93 (a),(b)

Information on fair value measurement hierarchy of the group's freehold land and buildings as at the end of the reporting period are as follows:

	Level 2	Level 3	Total
	$'000	$'000	$'000
2023			
Freehold land	-	340,100	340,100
Buildings	-	97,845	97,845
	-	437,945	437,945
2022			
Freehold land	-	329,200	329,200
Buildings	-	104,582	104,582
	-	433,782	433,782

There has been no change to the valuation technique during the year.

Source

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Guidance notes – Fair value measurement
(also applicable to investment property)

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

- The classification into the 3-level hierarchy is not an accounting policy choice. For land and buildings, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3.

- The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.

SFRS(I) 13:95

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

SFRS(I) 1-16:77(e)

Had the group's freehold land and buildings (other than land and buildings classified as held for sale or included in a disposal group) been measured on a historical cost basis, their carrying amount would have been as follows.

	2023	2022
	$'000	$'000
Freehold land	299,200	299,200
Buildings	81,702	94,925
	380,902	394,125

Source

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Contractual commitments

SFRS(I) 1-16:74(c) At December 31, 2023, the group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $10 million (2022 : $20 million).

Assets pledged as security

SFRS(I) 1-16:74(a) Freehold land and buildings with a carrying amount of $393 million (2022 : $380 million) have been pledged to secure borrowings of the group (Note 5.2). The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Material accounting policy information

SFRS(I) 1-16:73(a)
SFRS(I) 1-16:31

The group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses. Revaluation is performed annually by external independent valuer.

SFRS(I) 1-16:39
SFRS(I) 1-16:40
SFRS(I) 1-16:35 (b)

Any revaluation increase is recognised in other comprehensive income and accumulated in the property 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 profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on revaluation of the freehold land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of the same asset. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

SFRS(I) 1-16:30 All other plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets.

SFRS(I) 1-16:73(b) Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets (other than freehold land and properties under construction), net of their residual values, over their estimated useful lives as follows:

SFRS(I) 1-16:73(c)

Buildings	5%
Plant and equipment	10% to 33%

Freehold land is not depreciated.

Properties under construction are carried at cost less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy as disclosed in Note 2.5. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Source

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Material accounting policy information

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period following the group's consideration of the asset condition, wear-and-tear, technology changes and expected use taking into account climate-related strategy. The effect of any changes in estimate is accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 profit or loss. When revalued freehold land or buildings are sold, the attributable revaluation surplus in the property revaluation reserve (Note 5.7) is transferred directly to retained earnings.

SFRS(I) 1-36:9
SFRS(I) 1-36:6

At each reporting date, the group reviews the carrying amounts of its property, plant and equipment 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 based on the higher of fair value less costs of disposal and value in use, to determine the extent of the impairment loss (if any).

Where an asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

SFRS(I) 1-36:59
SFRS(I) 1-36:60

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount, unless the asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease as described above.

SFRS(I) 1-36:119

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increase does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase as described above.

Source

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Guidance notes – Revaluation model for property, plant and equipment

SFRS(I) 1-16:35 (a),(b)

SFRS(I) 1-16 clarifies that when an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

(a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.

SFRS(I) 1-1:125

Key sources of estimation uncertainty

Fair value measurement of freehold land and buildings

SFRS(I) 1-16:77 (a),(b)

The fair value measurements of the group's freehold land and buildings as at December 31, 2023 and 2022 were performed by Messrs. Low, Poh & Koh, independent valuers not connected with the group, who have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

SFRS(I) 13:91(a)
SFRS(I) 13:93(d)
SFRS(I) 13:93(h)(i)

The fair value of the freehold land was determined [*based on the market comparable approach that reflects recent transaction prices for similar properties/other methods (describe)*].

The fair value of the buildings was determined using [*the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence/other methods (describe)*]. [*The significant inputs include the estimated construction costs and other ancillary expenditure of approximately $xx million (2022 : approximately $xx million), and a depreciation factor applied to the estimated construction cost of approximately xx% (2022 : approximately xx%). An increase in the depreciation factor would result in a decrease in the fair value of the buildings, and an increase in the estimated construction costs would result in an increase in the fair value of the buildings, and vice versa.*]

In estimating the fair value of the freehold land and buildings, the highest and best use of the properties is their current use.

Source

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Guidance notes – ISCA FRG 1 and FRB 10

Refer to Note 3.7 Investment property.

Key sources of estimation uncertainty, including consideration of financial reporting impacts of climate-related matters

Impairment of property, plant and equipment

The flooding event during December 2023 in several locations of Country B where the group operates had affected access to critical transport infrastructure but there was no damage to the group's property, plant and equipment.

SFRS(I) 1-36:130 (a)-(g)
SFRS(I) 1-36:126(a)

However, the group determined there are indications that a manufacturing plant and the related equipment have suffered an impairment loss, having regard to its ongoing programme of modernisation and the introduction of new product lines to implement climate-related strategies. These assets are used in the group's electronic goods reportable segment.

The group has assessed the manufacturing plant and the related equipment as one cash generating unit ('CGU') and estimated the recoverable amount of the CGU based on the higher of fair value less costs of disposal and value in use, to determine the extent of the impairment loss. The fair value less costs of disposal of the CGU is estimated based on the recent market prices of assets within the CGU with similar age and obsolescence. The value in use calculation has been prepared using cash flow projections from financial budgets approved by the board of directors covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for existing products which are expected to phase out following the introduction of new product lines, and are extrapolated up to the end of the useful life of the relevant assets using a declined growth rate of 15%. The pre-tax discount rate used in measuring value in use was 9% per annum. The projected cash flows have also factored in the increased carbon emission levies commencing from current year.

The value in use is higher than the fair value less costs of disposal and hence the recoverable amount of the CGU has been determined on the basis of the value in use. The manufacturing plant and the related equipment were impaired to their recoverable amount based on value in use of $11.5 million. An impairment loss of $4.1 million is recognised in profit or loss and included in the other operating expenses line item.

Management considers the recoverable amount of the CGU to be most sensitive to the extrapolated cash flows beyond the five-year period. If the growth rate declined by 20% instead of 15%, which is considered reasonably possible based on recent sales trend, this would lead to additional impairment of $0.8 million being recorded.

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The potential long-term financial impacts of climate change, including the costs of reaching the group's 2030 carbon emissions reduction targets, continued to be assessed by the group. At this stage, the group does not consider the potential impacts of climate change to present a risk of further impairment loss to the carrying value of its property, plant and equipment as the significant escalation of costs is expected to only occur after the end of the useful lives of the relevant assets.

Useful lives of property, plant and equipment

During the financial year, the group has assessed that there were no changes to the useful lives of property, plant and equipment as a result of climate-related risks and strategy. If in future reporting periods there are changes to the assessed useful lives and/or residual values due to climate-related strategy, these changes will be accounted for on a prospective basis.

The group has identified climate-related risks to its physical assets and is currently working through actions to address risks from potential acute climate events, such as ensuring:

- Stores in areas which are prone to cyclones are built to standards addressing cyclone risk;
- Stores in areas with high risk of power outages due to adverse weather phenomenon have back-up power generation or portable generator connection points; and
- Stores in areas that are prone to floods have flood barriers.

The group has not yet incurred obligations or committed to the capital expenditure in relation to the above climate risk mitigation strategy and therefore no provision has been recorded as at year end. These capital expenditures are not expected to cause significant impact to the future operating profitability and cash flows of the group.

Source

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Guidance notes – Details of properties

LM 1207(11)(a)

Where the company is listed, in respect of land and buildings, a breakdown of the value in terms of freehold and leasehold shall be disclosed in the annual report. Where properties have been revalued, the portion of the aggregate value of land and buildings that is based on valuation as well as the valuation date shall be stated. The valuation of real property must be carried out by a property valuer in accordance with the property valuation standards. Where the aggregate value for all properties for development or sale held by the group represents more than 15% of the value of the consolidated net tangible assets, or contribute more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

(i) A brief description and location of the property;

(ii) If in the course of construction, the stage of completion as at the date of the financial statements and the expected completion date;

(iii) The existing use;

(iv) The site and gross floor area of the property; and

(v) The percentage interest in the property.

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

Guidance notes – Impairment disclosures

SFRS(I) 1-36:130 (c)(ii)

An entity that reports segment information in accordance with SFRS(I) 8 discloses the reportable segment that the asset belongs to.

Source

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3.6. Leases (group as a lessee)

3.6.1. Right-of-use assets

		Leasehold land and buildings	Plant and equipment	IT equipment	Total
		$'000	$'000	$'000	$'000
	Group				
	Cost:				
	At January 1, 2022	1,630	1,591	754	3,975
	Additions	1,200	1,196	-	2,396
	At December 31, 2022	2,830	2,787	754	6,371
	Additions	860	1,030	-	1,890
	At December 31, 2023	3,690	3,817	754	8,261
	Accumulated depreciation:				
	At January 1, 2022	1,360	500	220	2,080
SFRS(I) 16:53(a)	Depreciation	270	450	178	898
	At December 31, 2022	1,630	950	398	2,978
SFRS(I) 16:53(a)	Depreciation	641	676	178	1,495
	At December 31, 2023	2,271	1,626	576	4,473
	Carrying amount:				
SFRS(I) 16:53(j)	At December 31, 2023	1,419	2,191	178	3,788
SFRS(I) 16:53(j)	At December 31, 2022	1,200	1,837	356	3,393

SFRS(I) 16:52
SFRS(I) 16:59(a)

The group leases several assets including leasehold land and buildings, plant and equipment and IT equipment. The lease term ranges from 3 to 10 years (2022 : 3 to 10 years). The group's obligations are secured by the lessors' title to the leased assets.

The group has options to extend the leases of buildings by another 3 to 5 years.

SFRS(I) 16:53(h)

Approximately one fifth of the leases for buildings and equipment expired in the current financial year. The expired contracts for buildings were extended through exercising the extension options and for equipment were replaced by new leases for identical underlying equipment. This resulted in additions to right-of-use assets of $1.9 million in 2023 (2022 : $2.4 million).

Source

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Guidance notes – Disclosure requirements

SFRS(I) 16:59

In addition to the disclosures required in SFRS(I) 16:53–58, a lessee is required to disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in SFRS(I) 16:51. This additional information may include, but is not limited to, information that helps users of financial statements to assess:

- the nature of the lessee's leasing activities;
- future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
  - variable lease payments;
  - extension options and termination options;
  - residual value guarantees;
  - leases not yet commenced to which the lessee is committed;
- restrictions or covenants imposed by leases; and
- sale and leaseback transactions.

3.6.2. Lease liabilities

Source		Group	
		2023	2022
		$'000	$'000
SFRS(I) 16:58	Maturity analysis:		
SFRS(I) 7:39(a)			
SFRS(I) 7:B11	Within one year	1,304	1,350
	Within two to five years	3,508	2,922
		4,812	4,272
	Less: Unearned interest	(825)	(652)
		3,987	3,620
	Analysed as:		
	Current	1,242	1,380
	Non-current	2,745	2,240
		3,987	3,620

Source

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SFRS(I) 7:39(c) The group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group's treasury function.

SFRS(I) 16:53(g) The total cash outflow for leases (including short-term leases and leases of low value assets) amount to $2.3 million (2022 : $3.6 million).

SFRS(I) 16:55 At December 31, 2023, the group is committed to $0.2 million (2022 : $0.1 million) for short-term leases.

Guidance notes – Disclosures required by SFRS(I) 7

SFRS(I) 16:58 Maturity analysis of the lease liabilities are based on undiscounted lease liabilities amount applying SFRS(I) 7:39 and B11 and are disclosed separately from the maturity analyses of other financial liabilities. The entity uses its judgement in selecting the appropriate time bands for the maturity analysis.

Material accounting policy information

SFRS(I) 16:51 **The group as lessee**

SFRS(I) 16:5
SFRS(I) 16:6
SFRS(I) 16:9
SFRS(I) 16:60

The group assesses whether a contract is or contains a lease, at inception of the contract. A right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements, except for short-term leases (those with a lease term of 12 months or less) and leases of low value assets (those with cost below $*xx* when new). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

SFRS(I) 16:12
SFRS(I) 16:15

The group has applied the practical expedient under SFRS(I) 16 that permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

SFRS(I) 16:26 The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease, and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the group.

SFRS(I) 16:27 Lease payments included in the measurement of the group's lease liabilities comprise mainly of fixed lease payments over the lease terms.

Source

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SFRS(I) 16:24
SFRS(I) 16:30
SFRS(I) 16:32

A right-of-use asset is initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs and any restoration costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the lease terms commencing from the date of the lease, and are tested for impairment in accordance with the policy similar to that adopted for property, plant and equipment in Note 3.5.

SFRS(I) 16:36
SFRS(I) 16:21
SFRS(I) 16:40

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term upon exercising extension options not previously included in the determination of the lease term. A corresponding adjustment is made to the related right-of-use asset.

During the year, a subsidiary in Country D incurs an obligation for costs to restore certain leased land at the end of the lease term due to a new environmental legislation that was enacted in that country, based on conditions stated in the lease contract, and as a result a provision has been recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* (Note 3.12). The costs are included in the related right-of-use asset.

The group has assessed that there is no indication of impairment for its right-of-use assets.

Source

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SFRS(I) 1-1:122

Critical judgements in applying the group's accounting policies

Identifying whether a contract includes a lease - Contract for the supply of sports shoes

The group has entered into a contract with Manufacturer A for the supply of sports shoes for a three-year period. Each month the type of sports shoes and the production volume, up to a limit of 10,000 pairs, are determined by the group and are not specified in the contract.

Manufacturer A has only one factory that can meet the needs of the group and is unable to supply the sports shoes from another factory or source the sports shoes from a third party supplier. Manufacturer A makes all decisions about the operations of the factory, including the production level at which to run the factory and which customer contracts to fulfil with the output of the factory that is not used to fulfil the group's contract for that month.

Management assessed whether or not the group has contracted for the rights to substantially all of the capacity of the factory and whether the contract with Manufacturer A contains a lease for the factory. After making inquiries based on forecast production volumes over the contract term, management has established that Manufacturer A can regularly use the factory for other purposes during the course of the contract to supply other customers and therefore the group does not have the right to obtain substantially all of the economic benefits from the use of the factory. As a result management concluded that the group has not contracted for substantially all of the capacity of the factory, including the plant therein, and therefore the contract does not contain a lease.

SFRS(I) 16:59(b)(ii)
SFRS(I) 16:B50

Determination of lease term

In determining the lease term of certain lease arrangement for buildings with extension option, management considers all facts and circumstances that create an economic incentive to exercise the extension option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

SFRS(I) 16:20

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further.

Potential future cash outflows of $1.3 million have not been included in the lease liability because it is not reasonably certain that the related leases will be extended.

In the current financial year, the effect of exercising extension option was an increase in recognised lease liabilities and right-of-use assets of $0.9 million.

Source

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Guidance notes – Additional information on future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities
Include where applicable.

SFRS(I) 16:59(b)
SFRS(I) 16:B49

Some of the property leases in which the group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The breakdown of lease payments for these stores is as follows:

	Group	
	2023	*2022*
	$'000	*$'000*
Fixed payments	*xx*	*xx*
Variable payments	*xx*	*xx*
Total payments	*xx*	*xx*

SFRS(I) 16:59(b)(i)
SFRS(I) 16:B49

Overall the variable payments constitute up to x% of the group's entire lease payments. The group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next x years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.

On [date] 2023, [Subsidiary X Limited] entered into a 10-year lease to rent property, which had not commenced by the year-end and as a result, a lease liability and right-of-use asset has not been recognised at December 31, 2023. The aggregate future cash outflows to which the group is exposed in respect of this contract is fixed payments of $__ per year, for the next 10 years.

Guidance notes – Right-of-use assets meeting the definition of investment property

SFRS(I) 16:56

If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in SFRS(I) 1-40 *Investment Property*. In that case, a lessee is not required to provide the disclosures in paragraph 53(a), (f), (h) or (j) for those right-of-use assets.

Source

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3.7. Investment property

		Group	
		2023	2022
		$'000	$'000
SFRS(I) 1-40:76	**At fair value**		
	Balance at beginning of year	11,409	11,299
	Additions through subsequent expenditure	-	-
	Acquisitions through business combinations	-	-
	Disposals	-	-
	Property reclassified as held for sale	-	-
	Increase in fair value during the year	500	-
	Exchange differences	91	110
	Balance at end of year	12,000	11,409

Guidance notes – Transfers

SFRS(I) 1-40:57

The group shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

SFRS(I) 13:93 (a),(b)

Details of the group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 2	Level 3	Total
	$'000	$'000	$'000
2023			
Investment property			
Units located in Country A	-	7,000	7,000
Units located in Country B	5,000	-	5,000
2022			
Investment property			
Units located in Country A	-	6,909	6,909
Units located in Country B	4,500	-	4,500

There has been no change to the valuation technique during the year.

Source

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Guidance notes – Fair value disclosures for investment properties measured using the cost model

SFRS(I) 1-40:79(e)

For investment properties that are measured using the cost model, SFRS(I) 1-40:79(e) requires the fair value of the properties to be disclosed in the notes to the financial statements. In that case, the fair value of the properties for disclosure purpose should be measured in accordance with SFRS(I) 13. In addition, SFRS(I) 13:97 requires the following disclosures:

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

SFRS(I) 1-40:75(f)(i),(ii)

The property rental income earned by the group from its investment property, all of which is leased out under operating leases, amounted to $0.6 million (2022 : $0.7 million). Direct operating expenses arising on the investment property, all of which generated rental income in the year, amounted to $0.4 million (2022 : $0.5 million).

SFRS(I) 1-40:75(h)

In current year, the group has entered into a contract for the management and maintenance of its investment property for the next 5 years, which will give rise to an annual charge of $0.1 million.

Material accounting policy information

SFRS(I) 1-40:75(a)

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

Guidance notes – Use of cost model

A group that elects to use the cost model for investment property (not illustrated in this set of illustrative financial statements) should disclose an appropriate policy.

Source

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SFRS(I) 1-1:125

Key sources of estimation uncertainty

Fair value measurement of investment property

SFRS(I) 1-40:75(a)
SFRS(I) 1-40:75(e)

The fair value measurement of the group's investment property at December 31, 2023 and 2022 have been determined on the basis of valuations carried out at the respective year end dates by [*name of valuers*], independent valuers having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The valuation conforms to International Valuation Standards.

SFRS(I) 13:91(a)
SFRS(I) 13:93(d)

The fair value was determined *[based on the market comparable approach that reflects recent transaction prices for similar properties/capitalisation of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties/other methods (describe)]*.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Guidance notes – ISCA FRG 1 and FRB 10
(also applicable to freehold land and buildings measured at fair value)

In November 2019, ISCA issued FRG 1 *Real Property Valuation for Financial Reporting – Best practices when engaging valuers: Considerations for Scope of Work ('SOW') and Valuation Report ('VR')* to facilitate the valuation process amongst the Valuer, Client and Auditor for real property valuation. The FRG highlights key considerations relevant to SFRS(I) 13 when determining the scope of work for valuation of real property interest and deals with the relevant requirements in SFRS(I) 13 about valuation information to be disclosed in the financial statements.

In March 2023, ISCA issued FRB 10 Real Property Valuation for Financial Reporting – *Fair Value Based on the Highest and Best Use* to explain the concepts of 'fair value' and 'market value', and to highlight that the valuation premise required under SFRS(I) 13 is 'highest and best use'. If a different valuation premise is used in the valuation report, an assessment needs to be undertaken to determine if the resulting valuation is appropriate for financial reporting purposes.

Depending on the outcome of the assessment performed, entities may be required to obtain a new valuation report that is based on the highest and best use valuation premise. It is, therefore, important for entities to communicate to the valuer upfront at the planning phase of the valuation process that the valuation should be performed based on the highest and best use valuation premise. FRB 10 also includes an example to illustrate the application of highest and best use as the valuation premise.

Source

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Further details of the group's fair value measurement of investment property are as follows:

SFRS(I) 13:93(d)
SFRS(I) 13:93(h)(i)

	Valuation techniques	Significant unobservable input(s)	Sensitivity
Units located in Country A	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of x% - x% (2022 : x% - x%).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of $[x] (2022 : $[x]) per square metre ('sqm') per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

LM 1207(11)(b)

Guidance notes – Details of investment properties

Where the company is listed, in respect of land and buildings, a breakdown of the value in terms of freehold and leasehold shall be disclosed in the annual report. Where properties have been revalued, the portion of the aggregate value of land and buildings that is based on valuation as well as the valuation date shall be stated. The valuation of real property must be carried out by a property valuer in accordance with the property valuation standards. Where the aggregate value for all properties for investment purposes held by the group represents more than 15% of the value of the consolidated net tangible assets, or contributes more than 15% of the consolidated pre-tax operating profit, the issuer must disclose the following information as a note to the financial statements:

(i) A brief description and location of the property;

(ii) The existing use; and

(iii) Whether the property is leasehold or freehold. If leasehold, state the unexpired term of the lease.

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

Source

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3.8. Goodwill

Source		Group $'000
	Cost:	
	At January 1, 2022	2,754
	Exchange differences	(216)
SFRS(I) 3:B67(d)	At December 31, 2022	2,538
	Recognised on acquisition of a subsidiary (Note 6.4)	3,658
	Derecognised on disposal of a subsidiary (Note 6.5)	(1,695)
SFRS(I) 3:B67(d)	At December 31, 2023	4,501
	Accumulated impairment losses:	
	At January 1, 2022	-
SFRS(I) 1-36:126	Impairment losses for the year	-
SFRS(I) 3:B67(d)	At December 31, 2022	-
SFRS(I) 1-36:126	Impairment losses for the year	463
SFRS(I) 3:B67(d)	At December 31, 2023	463
SFRS(I) 3:B67(d)	**Carrying amount:**	
	At December 31, 2023	4,038
	At December 31, 2022	2,538
	At January 1, 2022	2,754

Source

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SFRS(I) 1-36:134(a) The carrying amount of goodwill has been allocated to cash-generating units ('CGUs') as follows:

	Group	
	2023	2022
	$'000	$'000
Electronic equipment (single CGU):		
Huiji Electronic Systems Limited	3,658	-
Leisure goods (comprised several CGUs):		
Sale and manufacture of leisure goods	380	843
Electronic toys operation (single CGU):		
GAAP Playsystems Limited	-	1,695
	4,038	2,538

Material accounting policy information

SFRS(I) 1-36:80
SFRS(I) 1-36:90
SFRS(I) 1-36:104

Goodwill arising from business combination is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, the goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount (estimated based on the higher of fair value less costs of disposal and value in use) of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

SFRS(I) 1-36:124

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

Source

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SFRS(I) 1-1:125

Key sources of estimation uncertainty

Impairment of goodwill

SFRS(I) 1-36:134 (b)-(d)

The recoverable amounts of the CGUs to which goodwill is allocated are determined based on value in use calculations which use cash flow projections based on financial budgets approved by the board of directors covering a five-year period.

The key assumptions used by management in setting the financial budgets for the initial five-year period include forecast sales growth rates, expected changes to selling prices and operating profits. Forecast sales growth rates are based on past experience adjusted for [*discuss reasons for adjusting the historic measures, for example, sales/market trends and the strategic decisions made in respect of the CGUs, such as those related to climate-related actions*]. Expected changes to selling prices are based on past practices and expectations of future changes in the market. Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of [*describe reasons for adjusting the historical measures, for example, changes to product costs and cost saving initiatives*].

Cash flows beyond that five-year period have been extrapolated using steady growth rates that do not exceed the long-term average growth rates for the relevant markets. The steady growth rates are estimated by the board of directors based on past performance of the CGUs and their expectations of market development.

SFRS(I) 1-36:130(g)

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Electronic equipment CGU

Goodwill of $3.7 million was allocated to the 'Electronic equipment' CGU. Management considers the recoverable amount of 'Electronic equipment' CGU to be most sensitive to the achievement of the 2024 budget. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the board of directors. Whilst the group is able to manage most of 'Electronic equipment' costs, the revenue projections are inherently uncertain due to the fast-changing technological environment. Cash flows beyond the five-year period have been extrapolated using a steady growth rate of 3% per annum and a rate of 8.9% is used to discount the forecast cash flows from the 'Electronic equipment' CGU.

The market for 'Electronic equipment' products has seen a significant slowdown over the past 18 months due to increases in new product launch by rivals in the sector. It is possible that further underperformance may occur in 2024 if prevailing trends continue.

SFRS(I) 1-36:135(e)

A 10% underperformance against forecast sales growth rates for the 'Electronic equipment' CGU is considered reasonably possible based on recent experience and would lead to an impairment charge of $0.3 million being recorded.

Source

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Leisure goods CGUs

SFRS(I) 1-36:130 (a),(b),(d),(e)

Goodwill of $0.8 million was allocated to the sale and manufacture of leisure goods CGUs within the leisure goods business segment. Cash flows beyond the five-year period have been extrapolated using a steady growth rate of 1% (2022 : 1%) per annum and a rate of 11.2% (2022 : 11.8%) is used to discount the forecast cash flows from the sale and manufacture of leisure goods CGUs.

The business has continued to operate on a satisfactory basis but without achieving any significant increase in market share. Management expects forecast operating profits to remain stagnant and has consequently determined to recognise impairment loss of $0.4 million based on the recoverable amount of $0.4 million.

Guidance notes – Impairment disclosures

SFRS(I) 1-36:130 (d)(ii)

An entity that reports segment information in accordance with SFRS(I) 8 discloses the amount of the impairment loss recognised or reversed by reportable segment accordance with SFRS(I) 8.

SFRS(I) 1-36:A7

An entity may determine that using an expected cash flow approach is the most effective means of reflecting the uncertainties in its estimates of recoverable amount. This approach reflects all expectations about possible cash flows instead of the single most likely cash flow. Under the expected cash flow approach, the uncertainty about the future cash flows is reflected in the different probability-weighted cash flow projections used, rather than in the discount rate. The expected cash flow approach inherently requires a more explicit consideration of the wider than normal range of possible future outcomes. The discount rate(s) used to measure an asset's value in use shall not reflect risks for which the future cash flow estimates have been adjusted to avoid double-counting (SFRS(I) 1-36:56).

Where an expected cash flow approach is used, an entity should disclose the number of scenarios used and their weightings, how the main assumptions used in the downside scenarios differ from the other scenarios and the reasoning behind those.

Source

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SFRS(I) 1-38:118(c)
SFRS(I) 1-38:118(e)

3.9. Other intangible assets

Group	Development costs	Patents and trademarks	Total
	$'000	$'000	$'000
Cost:			
At January 1, 2022	-	13,000	13,000
Additions	-	18,617	18,617
At December 31, 2022	-	31,617	31,617
Additions	3,600	3,835	7,435
Acquired on acquisition of a subsidiary	-	870	870
At December 31, 2023	3,600	36,322	39,922
Amortisation:			
At January 1, 2022	-	9,477	9,477
Amortisation for the year	-	846	846
At December 31, 2022	-	10,323	10,323
Amortisation for the year	360	2,254	2,614
At December 31, 2023	360	12,577	12,937
Carrying amount:			
At December 31, 2023	3,240	23,745	26,985
At December 31, 2022	-	21,294	21,294
At January 1, 2022	-	3,523	3,523

SFRS(I) 1-38:118(a) The amortisation period for development costs incurred on the group's e-business development is 3 years.

Patents and trademarks are amortised over their estimated useful lives, which range from 7 to 10 years.

SFRS(I) 1-38:118(d) The amortisation expense has been included in the line item 'Other operating expenses' in profit or loss.

SFRS(I) 1-38:122(b) The group's patents protect the design and specification of its electronic goods produced in Singapore, Country D and Country F. The carrying amount of the patents is $20.2 million (2022 : $18.4 million). The average remaining amortisation period for these patents is 7 years (2022 : 8 years).

Source

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Notes to financial statements
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Material accounting policy information

SFRS(I) 1-38:118(a)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

SFRS(I) 1-38:118(b)

Internally-generated intangible assets - research and development expenditure

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

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

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

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

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

Source

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SFRS(I) 1-38:118(b)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

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

SFRS(I) 1-1:125

Key sources of estimation uncertainty

Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its internally-generated intangible asset, which is included in its statement of financial position at December 31, 2023 at $3.2 million (2022 : $Nil). The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project. However, increased competitor activity has caused management to reconsider its assumptions regarding future market shares and anticipated margins on these products. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments will be made in future periods, if future market activity indicates that such adjustments are appropriate.

Source

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SFRS(I) 7:7

3.10. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade payables	95,267	53,279	-	-
Loans from holding company (Note 7.1)	15,042	15,008	6,603	7,209
Financial guarantee contract	24	30	-	-
Payables for purchase of equipment	5,000	-	-	-
Other payables due to subsidiaries (Note 7.1)	-	-	111	79
Accruals	44,741	20,768	351	298
Contingent consideration recognised on the acquisition of Huiji Electronics Systems Limited (Note 6.4)	75	-	-	-
	160,149	89,085	7,065	7,586
Analysed as:				
Current	160,074	89,085	7,065	7,586
Non-current	75	-	-	-
	160,149	89,085	7,065	7,586

SFRS(I) 7:7

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers, no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The group's major supplier, Entity S, borrowed $1.8 million from Bank Z on June 30, 2022. The bank loan has a maturity of 3 years. A subsidiary guaranteed this bank loan and in the event of default of Entity S, the subsidiary will have to pay Bank Z. The maximum credit exposure of the given guarantee is $1.8 million, covering the time until maturity of the underlying bank loan. The subsidiary received a premium of $36,000 and accounted for this guarantee as a financial guarantee contract under SFRS(I) 9.

SFRS(I) 3:B67(b)

On the acquisition of Huiji Electronic Systems Limited (Note 6.4), the group recognised a contingent consideration payable with acquisition date fair values of $75,000. At the end of the reporting period, there have been no changes to the amounts recognised arising from changes in range of outcomes or valuation techniques applied.

Source

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Guidance notes – Disclosures of supplier finance arrangements
Include where applicable.

[Furthermore, in order to ensure easy access to credit for its suppliers and facilitate early settlement, the group has entered into supplier finance arrangements. The contractual arrangements in place permit the supplier to obtain the amounts billed less x% discount with the amounts paid by Bank A. The discount represents less than the trade discount for early repayment commonly used in the market. The group will repay Bank A the full invoice amount on the scheduled payment date as required by the invoice. As the arrangements do not permit the group to extend finance from Bank A by paying Bank A later than the group would have paid its supplier, the group considers amounts payable to Bank A should be classified as trade payables. The supplier finance arrangements permit Bank A to early settle invoices equal to $__ per month, the maximum amount used in a month during the year was $__. At the year-end x% of trade payables were amounts owed under these arrangements.]

In addition, if an entity with material supplier finance arrangements has not yet applied the Amendments to SFRS(I) 1-7 and SFRS(I) 7, the entity should provide clear disclosure of:

SFRS(I) 1-1:122
- the approach to the presentation of significant supplier finance arrangements and, in accordance with SFRS(I) 1-1:122, the judgements made in applying that policy;

SFRS(I) 1-7:21
- how supplier financing transactions have been reflected in the statement of cash flows;

SFRS(I) 1-1:54
- the carrying amount of the liabilities in question and the line item(s) in which they are presented; and

SFRS(I) 7:39(c)
- when supplier finance arrangements have been used as a tool to manage liquidity risk, the disclosures required by SFRS(I) 7:39(c).

In June 2023, the ASC issued amendments to SFRS(I) 1-7 and SFRS(I) 7 to introduce new disclosure requirements to enhance the transparency and the usefulness of the information provided by entities about supplier finance arrangements. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. Refer to Note 7.9 for further details.

In preparation for the new disclosure requirements, entities should consider if there is a need to improve their financial reporting systems and/or coordinate with their finance providers to collect the necessary information for the new disclosures. It is therefore crucial for entities to allow sufficient time to prepare and get ready for the implementation of the new disclosure requirements when the amendments become effective.

Source

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Material accounting policy information

Financial guarantee contract liability

The financial guarantee contract issued in relation to a major supplier's bank loan is initially recognised at fair value and subsequently measured at the higher of the amount of the expected credit loss (ECL) allowance calculated in accordance with SFRS(I) 9; and premium received less cumulative amortisation of the premium to date calculated on straight-line basis until maturity of the contract.

For the purpose of measuring the ECL allowance, as the group is required to make payments only in the event of a default by the major supplier in accordance with the terms of the bank loan that is guaranteed, the forward-looking information is a probability-weighted estimate of expected payments to reimburse the bank for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party. Details about the group's credit risk management and impairment policies are disclosed in Note 4.5.4.

3.11. Contract liabilities

Source		Group		
		December 31, 2023	December 31, 2022	January 1, 2022
		$'000	$'000	$'000
SFRS(I) 15:116(a)	Amounts received in advance of delivery for internet sales	219	471	350
	Maintenance services	8,678	7,973	7,765
	Customer loyalty programme	172	147	230
		9,069	8,591	8,345
	Analysed as:			
	Current	6,215	6,793	6,357
	Non-current	2,854	1,798	1,988
		9,069	8,591	8,345

SFRS(I) 15:118 There were no significant changes in the contract liability balances during the reporting period.

Source

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Guidance notes – Contract liabilities

SFRS(I) 15:116(a)

Entities are required to disclose the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. Hence, the balances as at January 1, 2022, being the opening balances of the comparative period, are presented.

SFRS(I) 15:118

SFRS(I) 15:118 contains a requirement to explain the significant changes in the contract asset and contract liability balances during the reporting period. As there has been no significant movement on these balances in the period, no further disclosure has been included.

SFRS(I) 15:116(b)
SFRS(I) 15:116(c)

The following table shows how much of the revenue recognised in the current reporting period relates to brought–forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

	2023	2022
	$'000	$'000
Amounts received in advance of delivery for internet sales	471	366
Maintenance services	6,200	5,928
Customer loyalty programme	122	63
	6,793	6,357

Material accounting policy information

Refer to Note 2.2 for the material accounting policy information relating to recognition of revenue and contract liabilities in relation to the above items.

Source

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SFRS(I) 1-37:84 (a)-(e)

3.12. Provisions

Source	Group	Warranty provision	Provision for rectification work	Restoration provision	Other	Total
		$'000	$'000	$'000	$'000	$'000
SFRS(I) 1-37:84(a)	At January 1, 2022	4,323	-	-	62	4,385
SFRS(I) 1-37:84(b)	Additional provision charged to profit or loss	707	-	-	431	1,138
SFRS(I) 1-37:84(c)	Utilisation of provision	(3,458)	-	-	-	(3,458)
SFRS(I) 1-37:84(a)	At December 31, 2022	1,572	-	-	493	2,065
	Contingent liability recognised on acquisition of Huiji Electronic Systems Limited (Note 6.4)	-	-	-	21	21
SFRS(I) 1-37:84(e)	Unwinding of discount	-	-	-	-	-
SFRS(I) 1-37:84(b)	Additional provision charged to right-of-use assets	-	-	500	-	500
SFRS(I) 1-37:84(b)	Additional provision charged to profit or loss	1,946	12,670	-	58	14,674
SFRS(I) 1-37:84(c)	Utilisation of provision	(298)	(8,112)	-	(300)	(8,710)
SFRS(I) 1-37:84(a)	At December 31, 2023	3,220	4,558	500	272	8,550

Source		Group 2023	Group 2022
		$'000	$'000
SFRS(I) 1-1:61	Analysed as:		
	Current	6,432	2,065
	Non-current	2,118	-
		8,550	2,065

Source

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Material accounting policy information

SFRS(I) 1-37:14 Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

SFRS(I) 1-1:125 **Key sources of estimation uncertainty**

Warranty provision

SFRS(I) 1-37:85 Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, and the amount represents management's best estimate of the group's liability under 12-month warranties granted on electronic products, based on past experience and industry averages for defective products.

Provision for rectification work

SFRS(I) 1-37:85

SFRS(I) 1-1:97-98

The provision for rectification work relates to the estimated cost of work to be carried out in accordance with an agreed schedule up to 2024 for the rectification of goods supplied to one of the group's major customers. Costs of $12.7 million have been recognised and included in cost of sales during the year. Anticipated expenditure for 2024 is $2.5 million and for 2025 is $2.1 million. These amounts have not been discounted for the purpose of measuring the provision for rectification work, because the effect is not material.

Source

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Restoration provision

SFRS(I) 1-37:85 On December 15, 2023, a new environmental legislation was enacted in Country D which requires a subsidiary in Country D to restore certain leased land at the end of the lease term, based on conditions stated in the lease contract. Consequently, the group's component incurs an obligation and a provision of $0.5 million has been recognised. In estimating the provision, management has made assumptions regarding the interpretation of the legislation and have estimated costs based on currently available information about the likely extent of restoration work. Due to the associated uncertainty, it is possible that estimates may need to be revised during the next year as interpretations of the legislation evolve and the extent of restoration work is assessed in more detail. Whilst a range of outcomes is possible, management believes that the reasonably possible range is an increase in provisions of up to $0.8 million to a reduction in provisions of up to $0.3 million.

Source

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4. Financial instruments and financial risks

This section presents information on the categories of financial assets and financial liabilities as well as their fair values. In addition, information on financial instruments used for investment and risk management are disclosed in this section. Details on the exposure to various financial risks and approach to managing financial risks are also included in this section.

SFRS(I) 7:8

4.1. Categories of financial instruments

Guidance notes – Categories of financial instruments

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

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

Source		Group 2023	Group 2022	Company 2023	Company 2022
		$'000	$'000	$'000	$'000
	Financial assets				
SFRS(I) 7:8(f)	Financial assets at amortised cost	150,409	152,284	91,445	56,542
SFRS(I) 7:8(a)	Financial assets mandatorily measured at FVTPL	13,074	12,490	-	-
	Derivatives designated in hedge relationships	4,245	2,338	-	-
SFRS(I) 7:8(h)	Financial assets at FVTOCI:				
	Debt instruments classified as at FVTOCI	8,750	8,730	-	-
	Equity instruments designated as at FVTOCI	14,560	14,514	-	-
	Financial liabilities				
SFRS(I) 7:8(g)	Financial liabilities at amortised cost	479,388	482,590	31,041	7,288
	Lease liabilities	3,987	3,620	-	-
	Derivatives designated in hedge relationships	273	-	-	-
	Financial guarantee contracts	24	30	-	-
	Contingent consideration for a business combination	75	-	-	-

Source

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4.2. Fair value of financial assets and financial liabilities

SFRS(I) 13:91

4.2.1. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

SFRS(I) 13:93(g)
SFRS(I) 13:IE65

Some financial assets and financial liabilities are measured at fair value for financial reporting purposes. The board of directors of the company has set up a valuation committee, which is headed by the Chief Financial Officer of the company, to determine the appropriate valuation techniques and inputs for fair value measurements. Market-observable data is used to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The valuation committee reviews the valuation on a quarterly basis, including an assessment of the cause of fluctuations in fair value.

Key sources of estimation uncertainty

Fair value measurements and valuation processes

SFRS(I) 1-1:125
SFRS(I) 1-1:129

The valuations of unlisted shares, and contingent consideration for a business combination are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these financial assets and financial liabilities as well as the sensitivity of those amounts to changes in unobservable inputs are provided in table below.

Source

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Group

SFRS(I) 13:93(a),(b),(d),(g),(h),(i)

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used):

Financial assets/ liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship and sensitivity of unobservable input(s) to fair value
Financial assets mandatorily measured at FVTPL (Note 4.3)			
Listed shares	Level 1	Quoted bid prices in an active market.	Not applicable.
Derivative financial instruments (Note 4.4)			
Foreign currency forward contracts	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable.
Interest rate swap contracts	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	Not applicable.

Source

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Financial assets/ liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship and sensitivity of unobservable input(s) to fair value
Financial assets at FVTOCI (Note 4.3)			
Listed corporate bonds	Level 1	Quoted bid prices in an active market.	Not applicable.
Listed shares	Level 1	Quoted bid prices in an active market.	Not applicable.
Unlisted shares	Level 3	Income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	
		Significant unobservable input(s)	
		(i) Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 4.9% to 5.5% per annum (2022 : 4.8% to 5.4% per annum).	The higher the revenue growth rate, the higher the fair value. If the revenue growth rate was 1% higher/lower while all other variables were held constant, the carrying amount would increase/decrease by $90,000 (2022 : increase/decrease by $85,000).
		(ii) Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 5% to 12% per annum (2022 : 5% to 10% per annum).	The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was 2% higher/lower while all other variables were held constant, the carrying amount would increase/decrease by $50,000 (2022 : increase/ decrease by $45,000).

Source

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Financial assets/ liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship and sensitivity of unobservable input(s) to fair value
		(iii) Weighted average cost of capital (WACC), determined using a Capital Asset Pricing Model, ranging from 11.9% to 12.5% per annum (2022 : 11.2% to 12.1% per annum).	The higher the WACC, the lower the fair value. If the WACC was 1% higher/lower while all other variables were held constant, the carrying amount would decrease/increase by $68,000 (2022 : decrease/ increase by $62,000).
		(iv) Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 5% to 20% per annum (2022 : 4% to 19% per annum).	The higher the discount, the lower the fair value. If the discount was 5% higher/lower while all other variables were held constant, the carrying amount would decrease/increase by $30,000 (2022 : decrease/increase by $25,000).
Contingent consideration for a business combination (Note 6.4)			
Contingent consideration	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the group arising from the contingent consideration.	
		Significant unobservable input(s) (i) Discount rate of 13% per annum determined using a Capital Asset Pricing Model.	The higher the discount rate, the lower the fair value. If the discount rate was 2% higher/lower while all other variables were held constant, the carrying amount would decrease/ increase by $5,000.

Source

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Financial assets/ liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship and sensitivity of unobservable input(s) to fair value
		(ii) Probability-adjusted profits, with a range from $1 million to $2 million.	The higher the amount of profit, the higher the fair value. If the amount of profit was 10% higher/lower while all other variables were held constant, the carrying amount would increase/decrease by $25,000.

Guidance notes – Sensitivity of unobservable inputs to fair value

SFRS(I) 13:93(h)(i) For financial assets and financial liabilities that are categorised within the Level 3 fair value hierarchy, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would significantly change the fair value determined, an entity should state that fact and disclose the effect of those changes. The entity should also disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated.

SFRS(I) 13:93(c) There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the current or prior year.

Guidance notes – Transfers between Level 1 and Level 2

SFRS(I) 13:93(c) For any significant transfers between Level 1 and Level 2, the reasons for the transfers need to be disclosed. Transfers into each level shall be disclosed and discussed separately from transfers out of each level. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.

<u>Company</u>

The company had no financial assets or liabilities carried at fair value in 2022 and 2023.

Source

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SFRS(I) 13:93(e)

4.2.2. Reconciliation of Level 3 fair value measurements of financial instruments

The following table only includes financial assets. The only financial liabilities measured subsequently at fair value on Level 3 fair value measurement represent contingent consideration relating to a business combination. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.

Group	Equity investments - unlisted shares
	$'000
Balance at January 1, 2022	1,100
Total gains or losses	
- In profit or loss	-
- In other comprehensive income	47
Disposals/settlements	(97)
Transfers into (out) of Level 3	-
Balance at December 31, 2022	1,050
Total gains or losses	
- In profit or loss	-
- In other comprehensive income	46
Disposals/settlements	(96)
Transfers into (out) of Level 3	-
Balance at December 31, 2023	1,000

SFRS(I) 13:93(e)(ii)

All gains and losses included in other comprehensive income relate to financial assets at FVTOCI, including listed corporate bonds, listed and unlisted shares held at the reporting date and are reported as changes of investments revaluation reserves (Note 5.7).

Source

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Notes to financial statements
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Guidance notes – Transfers into and out of Level 3

SFRS(I) 13:93(e)(iv) For any transfers into and out of Level 3, the reasons for the transfers need to be disclosed. For significant transfers, transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.

SFRS(I) 13:93(f) For recurring Level 3 fair value measurements, an entity should disclose the amount of total unrealised gains or losses for the period included in profit or loss relating to those assets and liabilities held at the end of the reporting period, and the line item(s) in profit or loss in which those unrealised gains or losses are recognised.

SFRS(I) 13:97 **4.2.3. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

SFRS(I) 7:25
SFRS(I) 7:29(a)
SFRS(I) 13:97

Except as detailed in the following table, the carrying amounts of financial assets and financial liabilities at amortised cost approximate their respective fair values:

SFRS(I) 13:93(b)

Group	2023 Carrying amount	2023 Fair value	2023 Fair value hierarchy	2022 Carrying amount	2022 Fair value	2022 Fair value hierarchy
	$'000	$'000		$'000	$'000	
Financial assets						
Investments in financial assets:						
Listed redeemable notes	25,255	26,000	Level 1	18,605	19,000	Level 1
Debentures	2,300	2,380	Level 2	2,300	2,350	Level 2
Financial liabilities						
Borrowings	344,752	346,000	Level 2	414,303	410,000	Level 2
Convertible loan notes	24,327	24,000	Level 2	-	-	N/A

SFRS(I) 13:97
SFRS(I) 13:93(d)

The fair values of the financial instruments classified as Level 1 were derived from quoted prices for those financial instruments. The fair values of the financial instruments classified as Level 2 were calculated using the discounted cash flow method. A prevailing market risk-free rate adjusted by credit risk was used for discounting future cash flows. There were no financial instruments that are measured at amortised cost but for which fair values were disclosed classified as Level 3 either in current year or in prior year.

Source

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Company

Except for the convertible loan notes as disclosed above, the carrying amounts of financial assets and financial liabilities at amortised cost approximate their respective fair values.

SFRS(I) 7:6
SFRS(I) 7:7

4.3. Investments in financial assets

Source		Group			
		Current		Non-current	
		2023	2022	2023	2022
		$'000	$'000	$'000	$'000
SFRS(I) 7:8(h)	Debt instruments classified as at FVTOCI (i)				
	Listed corporate bonds	-	-	8,750	8,730
SFRS(I) 7:8(h)	Equity instruments designated as at FVTOCI (ii)				
SFRS(I) 7:11A(a)-(c)	Listed shares	-	-	13,560	13,464
	Unlisted shares	-	-	1,000	1,050
		-	-	14,560	14,514
SFRS(I) 7:8(a)	Financial assets mandatorily measured at FVTPL (iii)				
	Listed shares	13,074	12,490	-	-
SFRS(I) 7:8(f)	Financial assets measured at amortised cost (iv)				
	Listed redeemable notes	-	-	25,255	18,605
	Debentures	-	-	2,300	2,300
		-	-	27,555	20,905
	Total investments in financial assets	13,074	12,490	50,865	44,149

Source

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Guidance notes – Disposal of equity instruments designated as at FVTOCI

SFRS(I) 7:11A(e)
SFRS(I) 7:11B

If an entity derecognised investments in equity instruments designated at FVTOCI during the reporting period, it shall disclose the following:

(a) the reasons for disposing of the investments.
(b) the fair value of the investments at the date of derecognition.
(c) the cumulative gain or loss on disposal.

Additionally, the entity shall disclose any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers.

Material accounting policy information

(i) Listed corporate bonds (classified as at FVTOCI)

SFRS(I) 9:5.7.10
SFRS(I) 9:5.7.11

The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount are recognised in other comprehensive income and accumulated in the investments revaluation reserves (Note 5.7). On derecognition, the cumulative gain or loss previously accumulated in the investments revaluation reserves is reclassified to profit or loss. Details about the group's credit risk management and impairment policies are disclosed in Note 4.5.4.

Source

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(ii) Listed and unlisted shares (designated as at FVTOCI)

SFRS(I) 12:9(d)

The group holds 20% equity shares in an unlisted investee which is involved in the commercial property development. Management does not consider that the group is able to exercise significant influence over the investee as the other 80% shareholding is held by one shareholder, who also manages the day-to-day operations of the investee.

SFRS(I) 7:11A(b)

The group has elected to designate these investments in equity instruments as at FVTOCI as these equity instruments are held for medium to long-term strategic purposes.

SFRS(I) 9:5.7.5
SFRS(I) 9:5.7.1A
SFRS(I) 9:B5.7.1

Equity instruments designated as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with any gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserves (Note 5.7). The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends received in respect of these investments are recognised in profit or loss in accordance with SFRS(I) 9 and are disclosed in 'Finance income – others' line item (Note 2.3).

(iii) Listed shares (mandatorily measured at FVTPL)

SFRS(I) 9:5.7.1

The group invested in a portfolio of listed shares which are held for trading. The investments are measured at fair value, with any gains or losses arising from changes in fair value (including dividends received) recognised in 'Other gains and losses' line item (Note 2.4).

(iv) Listed redeemable notes and debentures (at amortised cost)

SFRS(I) 9:5.4

The listed redeemable notes and debentures are initially measured at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss. Details about the group's credit risk management and impairment policies are disclosed in Note 4.5.4. Fair value of the investments is disclosed in Note 4.2.3.

Source

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SFRS(I) 7:6
SFRS(I) 7:7
SFRS(I) 7:24A(b)

4.4. Derivative financial instruments

	Group			
	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Foreign currency forward contracts	2,466	(273)	2,338	-
Interest rate swap contracts	1,779	-	-	-
	4,245	(273)	2,338	-
Analysed as:				
Current	2,466	(273)	2,338	-
Non-current	1,779	-	-	-
	4,245	(273)	2,338	-

SFRS(I) 7:8(a)

SFRS(I) 7:33
SFRS(I) 7:34

4.4.1. Foreign currency forward contracts

The group enters into foreign currency forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions.

SFRS(I) 7:22B

For cash flow hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign currency forward contracts and their corresponding hedged items are the same, the group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The group uses the hypothetical derivative method for the hedge effectiveness assessment and measurement of hedge ineffectiveness.

SFRS(I) 7:23D
SFRS(I) 7:23E

[Disclose the sources of hedge ineffectiveness in the hedging relationship by risk category, if any.]
The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

Source

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SFRS(I) 7:23B The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items:

SFRS(I) 7:24A (a),(c),(d)

Hedging instruments - outstanding contracts	Average exchange rate	Notional value: Foreign currency	Notional value: Local currency	Change in fair value for recognising hedge ineffectiveness	Carrying amount of the hedging instruments assets (liabilities)
		FC'000	$'000	$'000	$'000
Group					
2023					
Sell US dollars					
Less than 3 months	1.4	330,000	462,000	293	2,466
Buy Euro					
Less than 3 months	1.5	22,400	33,600	(438)	(273)
				(145)	2,193
2022					
Sell US dollars					
Less than 3 months	1.4	187,500	262,500	637	2,173
Buy Euro					
Less than 3 months	1.6	49,320	78,900	49	165
				686	2,338

Source

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SFRS(I) 7:24B(b)

Hedged items	Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve/ foreign exchange translation reserve for continuing hedges		Balance in cash flow hedge reserve/ foreign exchange translation reserve arising from hedging relationships for which hedge accounting is no longer applied	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Forecast sales (i)	(183)	(637)	1,344	1,798	-	-
Forecast purchases (ii)	328	(49)	24	78	-	-
	145	(686)	1,368	1,876	-	-

SFRS(I) 7:21A

(i) The group expects to supply goods to customers in the United States. The expected sales are highly probable. The group has entered into foreign currency forward contracts (for terms not exceeding 3 months) to hedge the foreign currency risk arising from these anticipated future transactions. It is anticipated that the sales will take place during the first 3 months of the next financial year, at which time the amount deferred in equity will be reclassified to profit or loss.

(ii) The group expects to purchase raw materials from suppliers in Europe. The expected purchases are highly probable. The group has entered into foreign currency forward contracts (for terms not exceeding 3 months) to hedge the foreign currency risk arising from these anticipated future purchases. It is anticipated that the purchases will take place during the first 3 months of the next financial year at which time the amount deferred in equity will be removed from equity and included in the carrying amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase.

Source

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The following tables details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

SFRS(I) 7:24C(b)

	Change in the fair value of hedging instrument recognised in OCI		Hedge ineffectiveness recognised in profit or loss		Line item in profit or loss in which hedge ineffectiveness is included
	2023	2022	2023	2022	
	$'000	$'000	$'000	$'000	
Group					
Forecast sales	183	637	-	-	Other gains and losses
Forecast purchases	(328)	49	-	-	Other gains and losses
	(145)	686	-	-	

SFRS(I) 7:24C(b)

	Amount reclassified to profit or loss: Due to hedged future cash flows being no longer expected to occur (i)		Line item in profit or loss affected by the reclassification	Amount reclassified to profit or loss: Due to hedged item affecting profit or loss		Line item in profit or loss affected by the reclassification
	2023	2022		2023	2022	
	$'000	$'000		$'000	$'000	
Group						
Forecast sales	(85)	-	Other gains and losses	(294)	(78)	Revenue
Forecast purchases	-	-	Other gains and losses	16	(22)	Cost of sales
	(85)	-		(278)	(100)	

SFRS(I) 7:23F

At the start of the third quarter of 2023, the group reduced its forecast on sales of electronic equipment to United States due to increased local competition and higher shipping costs. The group had previously hedged $270 million of future sales of which $20 million are no longer expected to occur, and $250 million remains highly probable. Accordingly, the group has reclassified $85,000 of gains on foreign currency forward contracts relating to forecast transactions that are no longer expected to occur from the cash flow hedge reserve to profit or loss.

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SFRS(I) 7:22A
SFRS(I) 7:22B
SFRS(I) 7:33
SFRS(I) 7:34

4.4.2. Interest rate swap contracts

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

SFRS(I) 7:22B

For cash flow hedges of variable rate borrowings, as the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

SFRS(I) 7:23D
SFRS(I) 7:23E

[Disclose the sources of hedge ineffectiveness in the hedging relationship by risk category, if any.]
The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

SFRS(I) 7:23B

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items:

SFRS(I) 7:24A (a),(c),(d)

Hedging instruments - outstanding receive floating, pay fixed contracts	Average contracted fixed interest rate	Notional principal value	Change in fair value used for calculating hedge ineffectiveness	Carrying amount of the hedging instrument assets (liabilities)
	%	$'000	$'000	$'000
Group				
2023				
2 to 5 years	7	200,000	1,779	1,779

Source

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SFRS(I) 7:24B(b)

Hedged items	Notional amount of the hedged item assets (liabilities)	Change in value used for calculating hedge ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
	$'000	$'000	$'000	$'000
Group				
2023				
Variable rate borrowings	(200,000)	(1,779)	1,584	-

SFRS(I) 7:23C
SFRS(I) 7:23E

The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

Hedged items	Current period hedging gains (losses) recognised in OCI		Amount of hedge ineffectiveness recognised in profit or loss		Line item in profit or loss in which hedge ineffectiveness is included	Amount reclassified to profit or loss: Due to hedged future cash flows being no longer expected to occur		Amount reclassified to profit or loss: Due to hedged item affecting profit or loss		Line item in profit or loss in which reclassification adjustment is included
	2023	2022	2023	2022		2023	2022	2023	2022	
	$'000	$'000	$'000	$'000		$'000	$'000	$'000	$'000	
Group										
Variable rate borrowings	1,779	-	-	-	Other gains and losses	-	-	(195)	-	Finance costs

The interest rate swap contracts settle on a semi-annually basis. The floating rate on the interest rate swap contracts is based on SORA. The group will settle the difference between the fixed and floating interest rate on a net basis.

Source

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Material accounting policy information

SFRS(I) 7.21

Derivative financial instruments

Derivatives are recognised initially at fair value at the date they are entered into and subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates foreign currency forward contracts and interest rate swaps contracts as cash flow hedging instruments in respect of foreign currency and interest rate risks respectively.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

SFRS(I) 7.21

Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions, and whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9. The group designates the change in the fair value of a hedging instrument (i.e. including any forward elements) in its entirety as the hedging instrument for all of its hedging relationships.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve (Note 5.8), limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other gains and losses' line item.

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Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Source

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Guidance notes – Master netting agreements

To include the following disclosure if the group has entered into master netting agreements:

SFRS(I) 7:13B
SFRS(I) 7:13C

The group has entered into master netting agreements with the following counterparties: [state the name]. Derivatives subject to offsetting, master netting agreements and any collateral pledged or received are presented below.

	Group	
	2023	*2022*
	$'000	*$'000*
Counterparty A:		
Derivative assets	*xx*	*xx*
Derivative liabilities	*xx*	*xx*
Net amount of financial assets (liabilities) presented in the statement of financial position	*xx*	*xx*
Cash collateral (received) paid	*xx*	*xx*
Net amount	*xx*	*xx*
Counterparty B:		
Derivative assets	*xx*	*xx*
Derivative liabilities	*xx*	*xx*
Net amount	*xx*	*xx*

The derivative asset and liability with Counterparty A meet the offsetting criteria in SFRS(I) 1-32. Consequently, the gross derivative liability is set off against the gross derivative asset, resulting in the presentation of a net derivative asset of $__ million in the group's statement of financial position.

Cash collateral has also been received from Counterparty A for a portion of the net derivative asset ($__ million). The cash collateral of $__ million does not meet the offsetting criteria in SFRS(I) 1-32, but it can be set off against the net amount of the derivative asset and derivative liability in the case of default and insolvency or bankruptcy, in accordance with associated collateral arrangements.

The derivative asset and liability with Counterparty B do not meet the offsetting criteria in SFRS(I) 1-32. Consequently, the gross amount of the derivative asset ($__ million) and gross amount of derivative liability ($__ million) are presented separately in the group's statement of financial position.

The group did not enter into any other enforceable netting arrangements other than discussed above.

Source

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4.5. Financial risk management policies and objectives

Guidance notes – Financial risk management

SFRS(I) 7:31
SFRS(I) 7:32
SFRS(I) 7:33

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, by the significance of judgements and estimations made to the results and financial position, and the information provided to key management personnel.

Given the uncertainties and volatilities in economy which will impact market risk, credit risk and liquidity risk, entities should carefully consider their unique circumstances and risk exposures and provide adequate disclosures on the management of risks arising from financial instruments as a result of climate change and macroeconomic uncertainties.

An entity shall also disclose if there are changes from the previous period in the exposures to risk and how they arise and the entity's objectives, policies and processes for managing the risk and the methods used to measure the risk.

The Corporate Treasury function of the group provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of derivative financial instruments is governed by the group's policies approved by the board of directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Source

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SFRS(I) 7:21A(a)

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The group enters into a variety of derivative financial instruments (Note 4.4) to manage its exposure to interest rate and foreign currency risk, including:

- Foreign currency forward contracts to hedge the foreign currency risks arising from anticipated sales and purchase transactions; and
- Interest rate swap contracts to mitigate the risk of variable rate borrowings.

SFRS(I) 7:33(c)
SFRS(I) 7:40(c)

There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured. Market risk exposures are measured using sensitivity analysis indicated below.

Guidance notes – Sensitivity analysis

SFRS(I) 7:41

If the entity prepares a sensitivity analysis such as value-at-risk that reflects interdependencies between risk variables (e.g. interest rates and exchange rates) and uses it to manage financial risks, it may use that value-at-risk sensitivity analysis in place of the analysis specified in SFRS(I) 7:40 which are as illustrated in the following sections for each type of market risk.

SFRS(I) 7:B19

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

(a) the economic environments in which it operates. A reasonably possible change should not include remote or 'worst case' scenarios or 'stress tests'. Moreover, if the rate of change in the underlying risk variable is stable, the entity need not alter the chosen reasonably possible change in the risk variable. For example, assume that interest rates are 5 per cent and an entity determines that a fluctuation in interest rates of ±50 basis points is reasonably possible. It would disclose the effect on profit or loss and equity if interest rates were to change to 4.5 per cent or 5.5 per cent. In the next period, interest rates have increased to 5.5 per cent. The entity continues to believe that interest rates may fluctuate by ±50 basis points (i.e. that the rate of change in interest rates is stable). The entity would disclose the effect on profit or loss and equity if interest rates were to change to 5 per cent or 6 per cent. The entity would not be required to revise its assessment that interest rates might reasonably fluctuate by ±50 basis points, unless there is evidence that interest rates have become significantly more volatile.

(b) the time frame over which it is making the assessment. The sensitivity analysis shall show the effects of changes that are considered to be reasonably possible over the period until the entity will next present these disclosures, which is usually its next annual reporting period.

Source

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SFRS(I) 7:33
SFRS(I) 7:34

4.5.1. Foreign currency risk management

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts.

SFRS(I) 7:34(a)

The carrying amounts of the group's and the company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group			
	Liabilities		Assets	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
United States dollar	54,111	32,988	61,392	84,313
Euro	13,669	10,643	4,507	4,062
Japanese yen	530	842	4,450	5,521

	Company			
	Liabilities		Assets	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
United States dollar	1,332	1,824	37,394	29,226
Euro	560	485	-	-
Japanese yen	-	-	-	-

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

Guidance notes – Quantitative data disclosures

SFRS(I) 7:35

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

SFRS(I) 7:IG20

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

Source

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SFRS(I) 7:40(a),(b) ***Foreign currency sensitivity analysis***

The group and the company are mainly exposed to United States dollar, Euro and Japanese yen.

The following table details the sensitivity to a 10% increase and decrease in the functional currency of each group entity against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where functional currency of each group entity strengthens 10% against the relevant foreign currency. For a 10% weakening of functional currency of each group entity against the relevant foreign currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

SFRS(I) 7:40(c) [*Where the assumptions used have changed from previous years, include detail of and reasons for those changes.*]

Source		United States dollar impact			Euro impact			Japanese yen impact		
		2023	2022		2023	2022		2023	2022	
		$'000	$'000		$'000	$'000		$'000	$'000	
	Group									
SFRS(I) 7:40(a)	Profit or loss	(728)	(5,132)	(i)	916	658	(i)	(392)	(468)	(i)
SFRS(I) 7:40(a)	Other equity	(33)	(47)	(ii)	70	69	(ii)	-	-	
	Company									
SFRS(I) 7:40(a)	Profit or loss	(3,606)	(2,740)	(iii)	56	49	(i)	-	-	

(i) This is mainly attributable to the exposure outstanding on receivables and payables in the group at the reporting date.

(ii) This is the result of the changes in fair value of derivative financial instruments designated as cash flow hedges.

(iii) This is mainly attributable to the exposure to outstanding United States dollar inter-company receivables at the reporting date.

Source

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SFRS(I) 7:33(c)

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

Guidance notes – Sensitivity analysis

SFRS(I) 7:42

When the sensitivity analyses disclosed in accordance with SFRS(I) 7:40 or SFRS(I) 7:41 are unrepresentative of a risk inherent in a financial instrument (for example because the year-end exposure does not reflect the exposure during the year), the entity shall disclose that fact and the reason it believes the sensitivity analyses are unrepresentative. An example of such a disclosure may be as follows:

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

SFRS(I) 7:33
SFRS(I) 7:34

4.5.2. Interest rate risk management

The group is exposed to interest rate risk because entities in the group borrow funds at both fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

SFRS(I) 7:24I - 24J(a)

The group is exposed to Singapore Overnight Rate Average ('SORA'). The exposures arise on derivative and non-derivative financial assets and liabilities (e.g. bank borrowings and leases).

Some of the group's cash flow hedge relationships were affected by the interest rate benchmark reform. All the affected hedged items and hedging instruments were transitioned to SORA. The hedge documentation has been amended accordingly.

Source

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SFRS(I) 7:34(a)
SFRS(I) 7:40(b)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis points (2022 : 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

SFRS(I) 7:40(c)

The change in basis points for the sensitivity analyses during the year is due to the interest rate volatility observed in the current market environment in which the group operates and management's expectation for possible future change of interest rates over the financial year.

SFRS(I) 7:40(a)

If interest rates had been 100 basis points (2022 : 50 basis points) higher or lower and all other variables were held constant, the group's:

- Profit for the year would decrease/increase by $0.7 million (2022 : decrease/increase by $1.7 million). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and
- Other comprehensive income for the year would decrease/increase by $90,000 (2022 : decrease/increase by $45,000) mainly as a result of the changes in the fair value of investments in corporate bonds classified as at FVTOCI.

SFRS(I) 7:33(c)

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

The company's profit for the year and other comprehensive income for the year are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

Guidance notes – Sensitivity analysis

SFRS(I) 7:B17-21
SFRS(I) 7:IG32–36

SFRS(I) 7:B17 to B21 and SFRS(I) 7:IG32 to IG36 provide further guidance in respect of the sensitivity analysis for market risks.

Source

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SFRS(I) 7:33
SFRS(I) 7:34

4.5.3. Equity price risk management

The group is exposed to equity price risks arising from equity investments. Investments in equity instruments designated as at FVTOCI, including listed shares and unlisted shares (Note 4.3) are held for strategic rather than trading purposes. The group does not actively trade these equity investments. The group invested in a portfolio of listed shares which are held for trading (Note 4.3). This type of investment is approved by the board of directors as the alternative to investment in money market funds in order to generate higher investment return on the spare funds.

SFRS(I) 7:40(a),(b)

Equity price sensitivity analysis

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

If equity prices had been 10% higher/lower and all other variables were held constant, the group's:

- Profit for the year would increase/decrease by $1.3 million (2022 : increase/decrease by $1.2 million) as a result of the changes in fair value of the investments in listed shares; and

- Other comprehensive income for the year would increase/decrease by $1.4 million (2022 : increase/decrease by $1.3 million) as a result of the changes in fair value of the investments in equity instruments.

The methods and assumptions used in preparing the sensitivity analysis above have not changed significantly from the prior year.

SFRS(I) 7:40(c)

[*Where the assumptions used have changed from previous years, include detail of and reasons for those changes.*]

Source

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SFRS(I) 7:33-34

4.5.4. Credit risk management

SFRS(I) 7:35B

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group or the company.

SFRS(I) 7:35K(a)

The group's and the company's maximum exposures to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group or the company's due to failure to discharge an obligation by the counterparties or financial guarantees provided by the group, is represented by:

- the carrying amount of the respective recognised financial assets as stated in the statements of financial position; and

SFRS(I) 7:35M
SFRS(I) 7:B10(c)

- the maximum amount the group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

To minimise credit risk, the group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, and transacting with entities that are rated the equivalent of investment grade, as a means of mitigating the risk of financial loss from defaults.

SFRS(I) 7:B8
SFRS(I) 7:34(c)
SFRS(I) 7:35B(c)

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Of the trade receivables at the end of the reporting period, the group does not have significant credit exposure to any single customer, specific industry sector and/or geographical area.

SFRS(I) 7:34(c)

Before accepting any new customer, a dedicated team responsible for the determination of credit limits considers all available information specific to the prospect in assessing the potential customer's credit quality and defines credit limits by customer. These limits attributed to customers are reviewed and approved bi-annually by the risk management committee. Ongoing credit evaluation is performed on the financial conditions of accounts receivable, [*and where appropriate, other form of credit enhancement is purchased*].

The group regularly monitors outstanding receivables and contract assets. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

SFRS(I) 7:35F(a)(i)

Investments in debt instruments are considered to have a low credit risk for the purpose of impairment assessment. The credit ratings of the investments are monitored for credit deterioration.

SFRS(I) 7:B10(b)

For liquid funds and derivative financial instruments, the credit risk is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The group's and the company's other receivables are considered to have low risk of default.

Source

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Guidance notes – Credit risk disclosure

The credit risk disclosure included in these illustrative financial statements does not reflect all the required disclosures in SFRS(I) 7 for financial instruments to which the impairment requirements in SFRS(I) 9 are applied. This is because such disclosures have been determined to be immaterial for other classes of financial instruments. However, under different circumstances, an entity may have to include:

- additional disclosures associated with financial instruments whose ECL allowance is determined using the general approach (e.g., significant increase in credit risk triggers) and is determined to be material (as illustrated on Page 186 'Investments in debt instruments (General approach applied)');

- additional disclosures in areas such as credit risk management practices where SFRS(I) 7:35F-35G has specific requirements related to various judgements, inputs, assumptions and estimation techniques used to apply the SFRS(I) 9 impairment model;

- quantitative and qualitative information about amounts arising from ECL in accordance with SFRS(I) 7:35H-35L. These disclosures require a detailed reconciliation of changes in the loss allowance by class, with a number of specific requirements, in essence explaining what the results of applying the model were, supplemented by narrative explaining why the results were as they were (i.e. giving cause and effect analysis).

In practice, an entity shall consider how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirements, the appropriate level of aggregation or disaggregation, and whether users of the financial statements need additional explanations to evaluate the quantitative information disclosed.

Source

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Collateral held as security and other credit enhancements

SFRS(I) 7:35K(b) The group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Guidance notes - Disclosure of collateral held as security and other credit enhancements

For all financial instruments to which the impairment requirements in SFRS(I) 9 are applied, SFRS(I) 7:35K(b) and (c) specify that entities should disclose the following:

- a narrative description of collateral held as security and other credit enhancements, including:
  - (i) a description of the nature and quality of the collateral held;
  - (ii) an explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period; and
  - (iii) information about financial instruments for which an entity has not recognised a loss allowance because of the collateral.

- quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date. For all financial instruments within the scope of SFRS(I) 7, but to which the impairment requirements in SFRS(I) 9 are not applied, SFRS(I) 7:36(b) specifies that entities should give a description of collateral held as security and of other credit enhancements, and their financial effect (e.g. a quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk.

Source

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ECL assessment of trade receivables and contract assets

SFRS(I) 7:35M
SFRS(I) 7:35N,
SFRS(I) 9:B5.5.35

The following table details the risk profile of trade receivables and contract assets. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the group's different customer segments.

SFRS(I) 9:B5.5.35

Guidance notes – Segregation by customer base

Depending on the diversity of its customer base, the entity would use appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. Examples of criteria that might be used to group assets include geographical region, product type, customer rating, collateral or trade credit insurance and type of customer (such as wholesale or retail).

	Group						
	Trade receivables – days past due						
2023	Not past due	< 30 days	31 – 60 days	61 – 90 days	> 90 days	Total	Contract assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	3%	8%	13%	50%	93%		1%
Estimated total gross carrying amount at default	66,014	2,580	1,420	1,856	4,645	76,515	14,758
Lifetime ECL	(1,919)	(206)	(185)	(926)	(4,304)	(7,540)	(148)
						68,975	14,610

Source

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	Group						
	Trade receivables – days past due						
2022	Not past due	< 30 days	31 – 60 days	61 – 90 days	> 90 days	Total	Contract assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	1%	5%	10%	30%	89%		1%
Estimated total gross carrying amount at default	107,225	2,017	283	486	3,474	113,486	14,039
Lifetime ECL	(1,072)	(101)	(28)	(146)	(3,083)	(4,430)	(141)
						109,056	13,898

SFRS(I) 9:5.5.15
SFRS(I) 9:B5.5.35

Guidance notes – Expected credit losses for contract assets

In this illustration, the entity uses the simplified approach in calculating ECL for contract assets that do not contain a significant financing component as required by SFRS(I) 9. The entity applies the practical expedient to calculate ECL using a provision matrix. Such a matrix might be supported by historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions), for example, based on days past due status.

However, considering the inherent limitations in developing a provision matrix for contract assets based on days past due status, the entity, depending on the facts and circumstances of its contract assets portfolios, shall consider historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Depending on the diversity of its customer base, the entity would use appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. Examples of criteria that might be used to group assets include geographical region, product type, customer credit category, existence of collateral or trade credit insurance and type of customer (such as wholesale or retail).

Source

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SFRS(I) 7:35H

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets in accordance with the simplified approach set out in SFRS(I) 9:

Group	Trade receivables $'000	Contract assets $'000
Balance as at January 1, 2022	4,227	122
Net remeasurement of loss allowance	21	-
Amounts recovered	(186)	-
Change in loss allowance due to new trade receivables originated/amounts recognised, net of those derecognised due to settlement/upon billing	368	19
Balance as at December 31, 2022	4,430	141
Net remeasurement of loss allowance	865	-
Amounts written off	(460)	-
Change in loss allowance due to new trade receivables originated/amounts recognised, net of those derecognised due to settlement/upon billing	1,745	7
Changes in credit risk parameters	960	-
Balance as at December 31, 2023	7,540	148

SFRS(I) 7:35L

Guidance notes – Amount written off that are still subject to enforcement activity

An entity shall disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity. A possible disclosure may be as follows:

The contractual amounts outstanding on trade receivables that were written off during the period but are still subject to enforcement activities was $__ million (2022 : $__ million).

Source

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SFRS(I) 7:35B(b)
SFRS(I) 7:35I

The following table explains how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Group Increase (Decrease) in lifetime ECL	
	2023	2022
	$'000	$'000
One customer's account went from within 30 days past due as at January 1, 2023 to over 90 days past due as at December 31, 2023	865	-
Customer declared bankruptcy	(460)	-
Settlement in full by customers that were over 90 days past due	-	(186)
Origination of new trade receivables net of those settled, as well as increase in days past due up to 90 days (2022 : 90 days)	1,745	368

SFRS(I) 7:35B(b)
SFRS(I) 7:35I

There has not been any significant change in the gross amounts of contract assets that has affected the estimation of the loss allowance.

Guidance notes – Analysis of loss allowance

SFRS(I) 7:B8D

SFRS(I) 7:35H requires an entity to explain the reasons for the changes in the loss allowance during the period. In addition to the reconciliation from the opening balance to the closing balance of the loss allowance, it may be necessary to provide a narrative explanation of the changes. This narrative explanation may include an analysis of the reasons for changes in the loss allowance during the period, including:

- the portfolio composition;
- the volume of financial instruments purchased or originated; and
- the severity of the expected credit losses.

Source

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Material accounting policy information

ECL - Trade receivables and contract assets

SFRS(I) 7:35G
SFRS(I) 9:5.5.15
SFRS(I) 9:B5.5.35

The group applies the simplified approach in SFRS(I) 9 to measure the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets. The loss allowance is estimated using a provision matrix by reference to past default experience of the customers and an analysis of the customers' current financial position, adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

SFRS(I) 7:35G(c)

The group has significantly increased the expected loss rates for trade receivables from the prior year based on its judgement of the impact of current economic conditions and the forecast direction at the reporting date. There has been no change in the estimation techniques during the current reporting period.

SFRS(I) 7:35F(b)
SFRS(I) 7:35F(e)
SFRS(I) 7:35L

The group considers default has occurred when a trade receivable is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The group writes off a trade receivable or a contract asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Source

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SFRS(I) 1-1:125

Key sources of estimation uncertainty

Calculation of loss allowance

The loss allowances for trade receivables are determined based on assumptions about risk of default and expected credit loss rates. The group exercises judgement in making these assumptions and selecting the inputs for the ECL calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The amount of loss allowance is sensitive to changes in forecast economic conditions. A [xx]% (2022: [xx%]) upward adjustment ("adjustment factor") is applied to the historical default rate, which is determined based on the correlation between historical default rates and forecast economic conditions.

SFRS(I) 1-1:129(b)

If the adjustment factor to ECL rates on trade receivables between 61 and 90 days past due had been [xx]% higher (lower) as of December 31, 2023, the loss allowance on trade receivables would have been $__ (2022 : $__) higher (lower).

If the adjustment factor to ECL rates on trade receivables between 31 and 60 days past due had been [xx]% higher as of December 31, 2023, the loss allowance on trade receivables would have been $__ (2022 : $__) higher (lower).

Source

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Material accounting policy information

ECL - Other receivables

SFRS(I) 7:35G
SFRS(I) 7:35H
SFRS(I) 7:35M

Deferred consideration and other receivables are considered to have low risk of default as they are not due for payment at the end of the reporting period and there has been no significant increase in credit risk since initial recognition, as the group has not identified any indications of adverse changes in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its repayment obligations. The loss allowance is measured at an amount equal to 12-month ECL and is determined to be immaterial.

Other receivables at the company level are receivables due from subsidiaries, which are considered to have low credit risk because they have strong financial capacity to meet the contractual obligation. Accordingly, the group has applied the practical expedient under SFRS(I) 9 to measure the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial.

ECL - Investments in debt instruments classified as at FVTOCI and at amortised cost

SFRS(I) 7:35F(a)(i)
SFRS(I) 7:35G

Investments in debt instruments are considered to have low credit risk as the counterparties to these investments have a minimum BBB- credit rating. The instruments are determined to have low credit risk because there is a low risk of default, the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the issuer to fulfil its contractual cash flow obligations.

Accordingly, the group has applied the practical expedient under SFRS(I) 9 to measure the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial. The credit rating information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate the counterparties.

ECL - Financial guarantee contracts

SFRS(I) 7:35G
(a)-(b)

The group has assessed the past due status of the debts under guarantee, the financial position of the borrower as well as the economic outlook of the industries in which the borrower operates, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL.

SFRS(I) 7:35G(c)

In both years the amount of loss allowance for the financial guarantee contract is lower than the premium less cumulative amortisation, therefore no loss allowance was recognised in profit or loss.

Source

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Guidance notes – Investments in debt instruments (General approach applied)

SFRS(I) 7:35F(a)
SFRS(I) 7:35G(a)(ii)

The following provides illustrative disclosure when an entity has adopted the general approach for recognising and measuring ECL allowance for material financial assets:

In respect of the group's investments in debt instruments classified as at FVTOCI, the group considers the probability of default upon initial recognition of the financial instrument and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, which includes the following indicators:

- *[an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;*
- *significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;*
- *existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;*
- *an actual or expected significant deterioration in the operating results of the debtor;*
- *significant increases in credit risk on other financial instruments of the same debtor; and*
- *an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.]*

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly when contractual payments are more than 30 days past due.

SFRS(I) 7:35F(b)

Generally, the group considers default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

SFRS(I) 7:35F(d)
SFRS(I) 7:35G(a)(iii)

The group determines that a financial asset is credit-impaired when:

- *there is significant financial difficulty of the debtor;*
- *there is a breach of contract, such as a default or past due event;*
- *it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or*
- *the disappearance of an active market for that financial asset because of financial difficulties.*

Source

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SFRS(I) 7:35(e)

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or when the amounts are over two years past due, whichever occurs earlier. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

SFRS(I) 7:35M
SFRS(I) 7:B10(c)

The group's current credit risk grading framework comprises the following categories:

Credit risk Category	*Definition of category*	*Basis for recognising expected credit losses (ECL)*
[Credit category I]	*The counterparty has a low risk of default and does not have any past-due amounts.*	*12-month ECL*
[Credit category II]	*Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.*	*Lifetime ECL – not credit-impaired*
In default	*Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.*	*Lifetime ECL – credit-impaired*
Write-off	*There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery.*	*Amount is written off*

SFRS(I) 7:35M
SFRS(I) 7:35N
SFRS(I) 7:36(a)

The table below details the credit quality of the group's investments in debt instruments classified as at FVTOCI and maximum exposure to credit risk by credit risk rating categories:

	Category	*12-month or lifetime ECL*	*Gross carrying amount*	*Loss allowance*	*Net carrying amount*
			$'000	*$'000*	*$'000*
Group					
2023					
Investments in debt instruments classified as at FVTOCI	*[Credit category I]*	*[12-month ECL or lifetime ECL]*	*xxx*	*xxx*	*xxx*
				xxx	

Source

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SFRS(I) 7:36(a)

Guidance notes – Financial instruments within the scope of SFRS(I) 7 but not subject to SFRS(I) 9 impairment requirements

For all financial instruments within the scope of SFRS(I) 7, but to which the impairment requirements in SFRS(I) 9 are not applied, SFRS(I) 7:36(a) requires an entity to disclose by class of financial instrument the amount that best represents the entity's maximum credit risk exposure at the end of the reporting period, excluding the effect of any collateral and other amounts that do not qualify for offset in accordance with SFRS(I) 1-32. Examples of financial instruments that are within the scope of SFRS(I) 7 but that are not subject to the SFRS(I) 9 impairment requirements include:

- Financial assets and derivatives measured at FVTPL;
- Financial guarantee contracts issued measured at FVTPL; and
- Loan commitments issued measured at FVTPL.

Equity investments, regardless of whether they are measured at FVTPL or FVTOCI, are also in the scope of SFRS(I) 7 but not subject to the SFRS(I) 9 impairment requirements; however, they do not give rise to an exposure to credit risk and therefore are not subject to the SFRS(I) 7 credit risk disclosures.

Guidance notes – Impairment assessment on investments in equity instruments by SFRS(I) 9

SFRS(I) 9 states that investments in equity instruments are not subject to impairment assessment, because these investments are now only measured at FVTPL or FVTOCI without recycling of fair value changes to profit or loss.

Source

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SFRS(I) 7:33
SFRS(I) 7:39(c)

4.5.5. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the group's short, medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The group is using a combination of the cash inflows from the financial assets and the available bank facilities to manage the liquidity.

SFRS(I) 1-7:50

The group has access to financing facilities of which $200 million (2022 : $200 million) were unused at the reporting date. The group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Guidance notes – Liquidity risk disclosures

SFRS(I) 7 clarifies the following:

SFRS(I) 7:App A
SFRS(I) 7:B10A
SFRS(I) 7:B10A
SFRS(I) 7:B11C(c)

- Liquidity risk disclosures apply only to financial liabilities that are settled by delivering cash or another financial asset. This excludes financial liabilities that are settled by the entity by delivering its own equity instruments or non-financial assets.
- An entity has to disclose summary quantitative data about its exposure to liquidity risk on the basis of information provided internally to key management personnel, and explain how the data is determined.
- If outflows of cash (or another financial asset) included in those data could either occur significantly earlier than indicated in the data, or for significantly different amounts from those indicated in the data, an entity has to state the fact and provide quantitative information that enables users to evaluate the extent of risk, unless information is included in the liquidity risk management or maturity analysis disclosures above.
- For issued financial guarantee contracts, an entity should disclose the maximum amount of guarantee in the contractual maturity analysis, allocated to the earliest period in which it could be called.

Source

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SFRS(I) 7:34-35
SFRS(I) 7:39(a)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the group's and the company's remaining contractual maturity for non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and the company can be required to pay. The table includes both interest and principal cash flows.

SFRS(I) 7:B10(c)

The amounts included in the following table for financial guarantee contracts are the maximum amount the group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (Note 3.10). As described in Note 4.5.4, the group considers that it is more likely than not that no amount will be payable under the arrangement.

The contractual maturity is based on the earliest date on which the group may be required to pay.

Guidance notes – Liquidity and interest risk analyses

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

Source

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Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2023						
Non-interest bearing	-	110,309	-	-	-	110,309
Lease liabilities (fixed rate)	4.8	1,304	3,508	-	(825)	3,987
Variable interest rate instruments	9.0	73,115	209,726	-	(12,934)	269,907
Fixed interest rate instruments	7.8	1,250	118,807	-	(20,885)	99,172
Financial guarantee contracts	-	-	1,800	-	(1,776)	24
Contingent consideration	-	-	75	-	-	75
2022						
Non-interest bearing	-	68,287	-	-	-	68,287
Lease liabilities (fixed rate)	4.2	1,350	2,922	-	(652)	3,620
Variable interest rate instruments	8.0	73,531	294,552	-	(29,174)	338,909
Fixed interest rate instruments	8.0	-	96,504	-	(21,110)	75,394
Financial guarantee contracts	-	-	1,800	-	(1,770)	30
Company						
2023						
Non-interest bearing	-	6,714	-	-	-	6,714
Fixed interest rate instruments	7.0	1,250	29,062	-	(5,985)	24,327
2022						
Non-interest bearing	-	7,288	-	-	-	7,288

Source

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SFRS(I) 7:B11E

Non-derivative financial assets

The following table details the group's and the company's expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the group's liquidity risk management as the group's liquidity risk is managed on a net asset and liability basis. The table has been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period.

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2023						
Non-interest bearing	-	122,854	-	-	-	122,854
Fixed interest rate instruments	2.8	1,254	29,381	10,440	(4,770)	36,305
2022						
Non-interest bearing	-	131,379	-	-	-	131,379
Fixed interest rate instruments	3.0	1,089	14,767	19,021	(5,242)	29,635
Company						
2023						
Non-interest bearing	-	91,445	-	-	-	91,445
2022						
Non-interest bearing	-	56,542	-	-	-	56,542

Source

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Guidance notes – Disclosure of maturity analysis

SFRS(I) 7:B11E

There is an apparent conflict between SFRS(I) 7 which requires the disclosure of a liquidity analysis for all *financial liabilities* and SFRS(I) 1-1:65 which states that 'SFRS(I) 7 requires disclosure of the maturity dates of financial assets and *financial liabilities'* [emphasis added]. An entity is not required to disclose a maturity analysis for financial assets in all cases. The minimum required disclosure is for a maturity analysis for financial liabilities only. However, a maturity analysis shall be disclosed for financial assets if it holds financial assets for managing liquidity risk and that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

SFRS(I) 7:39(b)

Derivative financial instruments

The following table details the group's and the company's liquidity analysis for derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative financial instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivative financial instruments that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

Group	On demand or within 1 year	Within 2 to 5 years	After 5 years
	$'000	$'000	$'000
2023			
Net settled:			
Interest rate swap contracts	-	1,779	-
Gross settled:			
Foreign currency forward contracts			
Gross inflows	495,600	-	-
Gross outflows	(493,407)	-	-
	2,193	1,779	-

Source

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Group	On demand or within 1 year	Within 2 to 5 years	After 5 years
	$'000	$'000	$'000
2022			
Gross settled:			
Foreign currency forward contracts			
Gross inflows	341,400	-	-
Gross outflows	(339,062)	-	-
	2,338	-	-

Guidance notes – Disclosure of derivative financial instruments

SFRS(I) 7:B11B

Derivative financial instruments

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

(a) An interest rate swap with a remaining maturity of five years in a cash flow hedge of a variable rate financial asset or liability.
(b) All loan commitments.

SFRS(I) 7:B11A

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

Alternative presentation by narration

The group's derivative financial instruments comprise of interest rate swaps contracts amounting to $1.8 million (2022 : $Nil) with contracted net cash inflows due within 2 to 5 years, and foreign currency forward contracts gross inflows amounting to $495.6 million (2022 : $341.4 million) and gross outflows amounting $493.4 million (2022 : $339.1 million) with contracted gross cash flows due within 1 year.

Source

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5. Capital structure

This section provides further information about the group's capital structure and how capital is managed. Details about the group's share-based payment arrangements and dividends are set out in this section.

SFRS(I) 1-1:134
SFRS(I) 1-1:135

5.1. Capital management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2022.

The capital structure of the group consists of net debt and equity of the group. Debt is defined by the group as long-term and short-term borrowings, lease liabilities and convertible loan notes as disclosed in Notes 5.2, 3.6 and 5.3 respectively. Net debt is defined as debt after deducting cash and cash equivalents (including cash and bank balances in a disposal group held for sale). Equity includes issued capital, reserves, retained earnings and non-controlling interests.

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

Source

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Guidance notes – Quantitative disclosure on capital management

Where the group discloses information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital, quantitative disclosure should be added. Below is an illustrative disclosure applicable to entities requiring quantitative disclosure on capital management.

The group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The group has a target gearing ratio of x% - y% determined as the proportion of net debt to equity. The gearing ratio at December 31, 2023 of xx% (see below) was at below the target range, and has returned to a more typical level of yy% since the reporting date.

Gearing ratio

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

	Group	
	2023	2022
	$'000	$'000
Debt (i)	*xx*	*xx*
Cash and cash equivalents (including cash and bank balances in a disposal group held for sale)	*(xx)*	*(xx)*
Net debt	*xx*	*xx*
Equity (ii)	*xx*	*xx*
Net debt to equity ratio	*xx%*	*xx%*

For the purposes of this note,

(i) debt is defined by the group as long-term and short-term borrowings, lease liabilities and convertible loan notes (excluding derivatives and financial guarantee contracts) as detailed in Notes 5.2, 3.6 and 5.3 respectively.

(ii) equity includes all capital and reserves of the group that are managed as capital.

Source

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Guidance notes – Disclosures on externally imposed capital requirements

When an entity is subject to externally imposed capital requirements, SFRS(I) 1-1:135 requires disclosures on:

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

Only capital requirements imposed by external regulators are required to be disclosed under SFRS(I) 1-1:135(a)(ii). Although SFRS(I) 1-1:135(a)(ii) do not provide any further guidance regarding what is meant by 'externally imposed capital requirements', paragraphs BC92 to BC97 of the Basis for Conclusions to IAS 1 effectively narrow the scope of the requirements to 'entity-specific requirement[s] imposed on a particular entity by its prudential supervisor or other regulator'. The entity bases these disclosures on the information provided internally to key management personnel.

SFRS(I) 1-1:135(a) Although disclosure of details regarding loan covenants is not required under SFRS(I) 1-1:135(a)(ii), entities should consider whether such details should nevertheless be disclosed in line with the requirements in SFRS(I) 1-1:17(c) to provide additional information to enable users of the financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Source

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Source	
SFRS(I) 1-1:135(a) (i),(ii)	An example of disclosures required by SFRS(I) 1-1:134 and SFRS(I) 1-1:135 for an entity that is subject to externally imposed capital requirements is as follows:
SFRS(I) 1-1:135 (b),(d)	*The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance, and to ensure that all externally imposed capital requirements are complied with.*
	The capital structure of the group consists of net debt and equity of the group. Debt is defined by the group as long-term and short-term borrowings and lease liabilities and convertible loan notes as disclosed in Notes 5.2, 3.6 and 5.3 respectively. Net debt is defined as debt after deducting cash and cash equivalents (including cash and bank balances in a disposal group held for sale). Equity includes issued capital, reserves, retained earnings and non-controlling interests.
	One of the subsidiaries of the group is required to set aside a minimum amount of X% of profits annually. Such profits are accumulated in a separate reserve called 'Statutory Reserves'. The Statutory Reserves may only be distributed to shareholders upon liquidation of the subsidiary. The group is in compliance with externally imposed capital requirements for the financial years ended December 31, 2023 and 2022.
SFRS(I) 1-1:135(a) (iii)	*The group's risk management committee also reviews the capital structure on a semi-annual basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The committee also ensures that the group maintains gearing ratios within a set range to comply with the loan covenant imposed by a bank. Based on recommendations of the committee, the group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.*
SFRS(I) 1-1:135(c)	*The group's overall strategy remains unchanged from 2022.*
SFRS(I) 1-1:135(e)	[Note - when the entity has not complied with such externally imposed capital requirements, it should disclose the consequences of such non-compliance]

Source

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SFRS(I) 7:7

5.2. Borrowings

		Group	
		2023	2022
		$'000	$'000
SFRS(I) 7:8(g)	Unsecured borrowings at amortised cost		
	Bank overdrafts	807	809
	Bank loans	74,845	75,394
		75,652	76,203
	Secured borrowings at amortised cost		
	Bank overdrafts	1,100	1,100
	Bank loans	268,000	337,000
		269,100	338,100
	Total borrowings	344,752	414,303
	Analysed as:		
	Current	70,907	70,909
	Non-current	273,845	343,394
		344,752	414,303

Bank overdrafts are repayable on demand. Overdrafts of $1.1 million (2022 : $1.1 million) have been secured by a charge over the group's inventories. The average effective interest rate on bank overdrafts is approximately 9.0% (2022 : 8.0%) per annum and rates are determined based on 0.5% plus prime rate.

The group has two principal bank loans:

a) A loan of $268 million (2022 : $337 million) was drawn on February 1, 2020. Repayments commenced on January 1, 2022 and will continue until January 31, 2027. The loan is secured by a floating charge over certain of the group's properties, whose carrying value is $ 393 million (2022 : $380 million).

b) An unsecured loan of $75 million (2022 : $75 million). This loan was advanced on July 1, 2021 and is due for repayment in full on June 30, 2026. The bank loan carries fixed interest rate at 8% (2022 : 8%) per annum.

Notes to financial statements

Source

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Guidance notes – Financial assets pledged as collateral

SFRS(I) 7:14

If the entity has any financial assets pledged as collateral for liabilities or contingent liabilities, it shall disclose as required by SFRS(I) 7:14(a) and (b), the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified, and the terms and conditions relating to its pledge.

Guidance notes – Breach of a loan agreement
Include where applicable.

SFRS(I) 7:18

During the current year, the group was late in paying interest for the first quarter on one of its loans with a carrying amount of $__ million. The delay arose because of a temporary lack of funds on the date interest was payable due to a technical problem on settlement. The interest payment outstanding of $__ was repaid in full on the following day, including the additional interest and penalty. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the group's settlement procedures to ensure that such circumstances do not recur.

Guidance notes – Covenants

SFRS(I) 1-1:135(a)

Although disclosure of details regarding loan covenants is not required under SFRS(I) 1-1:135(a)(ii), entities should consider whether such details should nevertheless be disclosed in line with the requirements in SFRS(I) 1-1:17(c) to provide additional information to enable users of the financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

An example of disclosures is as follows:

The secured bank loan has been subject to a financial covenant which is tested semi-annually on June 30 and December 31 each year. The covenant measures the group's gearing ratio as calculated in Note X. The group has complied with this covenant in 2023 and 2022.

Perpetual notes issued by the group do not contain financial covenants, however the group is required to provide notification to the note holders following a change of control. Change of control may, at the discretion of the note holders, trigger the establishment of additional guarantees or the early repayment of outstanding amounts.

Other borrowings issued by the group do not contain any covenants.

Source

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SFRS(I) 1-7:44A-44E **Changes in liabilities arising from financing activities**

The table below details changes in the group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes							
	January 1, 2023	Financing cash flows (i)	Equity component of convertible loan notes	Acquisition of subsidiary (Note 6.4)	Disposal of subsidiary (Note 6.5)	New leases	Deferred tax (Note 2.6)	Foreign exchange movement	Other changes (ii)	December 31, 2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	412,394	(63,647)	-	-	(6,398)	-	-	496	-	342,845
Loans from holding company (Note 3.10)	15,008	34	-	-	-	-	-	-	-	15,042
Contingent consideration (Note 3.10) (iii)	-	-	-	75	-	-	-	-	-	75
Lease liabilities (Note 3.6)	3,620	(1,523)	-	-	-	1,890	-	-	-	3,987
Convertible loan notes (Note 5.3)	-	25,000	(821)	-	-	-	(174)	-	322	24,327
	431,022	(40,136)	(821)	75	(6,398)	1,890	(174)	496	322	386,276

Source

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	January 1, 2022	Financing cash flows (i)	Non-cash changes: Equity component of convertible loan notes	Non-cash changes: Acquisition of subsidiary (Note 6.4)	Non-cash changes: Disposal of subsidiary (Note 6.5)	Non-cash changes: New leases	Non-cash changes: Deferred tax (Note 2.6)	Non-cash changes: Foreign exchange movement	Other changes (ii)	December 31, 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank loans	353,600	59,419	-	-	-	-	-	(625)	-	412,394
Loans from holding company (Note 3.10)	15,551	(543)	-	-	-	-	-	-	-	15,008
Lease liabilities (Note 3.6)	3,521	(2,297)	-	-	-	2,396	-	-	-	3,620
Convertible loan notes (Note 5.3)	-	-	-	-	-	-	-	-	-	-
	372,672	56,579	-	-	-	2,396	-	(625)	-	431,022

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.
(ii) Other changes include interest accruals and payments.
(iii) The contingent consideration arises on the acquisition of Huiji Electronic Systems Limited (Note 6.4). The payment of contingent consideration will be presented as a financing cash flow of the group.

Source

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SFRS(I) 7:17

5.3. Convertible loan notes

The convertible loan notes were issued on April 1, 2023 at an issue price of $10 per note and are secured by a personal guarantee of a director. The notes are convertible into ordinary shares of the company at any time between the date of issue of the notes and their settlement date at the option of the holder. On issue, the notes were convertible at 18 shares per $10 note.

If the notes are not converted, they will be redeemed on April 1, 2028 at par. Interest of 5% will be paid annually up until that settlement date.

SFRS(I) 1-32:28

The net proceeds received from the issue of the notes have been split between a liability component and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of the company, as follows:

	Group and Company 2023
	$'000
Proceeds of issue of convertible loan notes	25,000
Transaction costs	-
Net proceeds from issue of convertible loan notes	25,000
Equity component	995
Transaction costs relating to equity component	-
Amount classified in equity reserves (Note 5.6)	995
Liability component at date of issue (net of transaction costs)	24,005
Interest charged (using effective interest method)	1,260
Interest paid	(938)
Carrying amount of liability component at December 31, 2023	24,327

Notes to financial statements

Source

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Material accounting policy information

The component parts of convertible loan notes issued by the group are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognised and included in equity reserves, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity reserves until the conversion option is exercised, in which case, the balance recognised in equity reserves will be transferred to *[share premium/other equity [describe]]*. Where the conversion option remains unexercised at the maturity date of the instrument, the balance recognised in equity reserves will be transferred to *[retained earnings/other equity [describe]]*. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the instrument using the effective interest method.

Source

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SFRS(I) 1-1:79(a)

5.4. Share capital

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At the beginning of the year	120,000,000	120,000,000	152,098	152,098
Exercise of share options	650,000	-	650	-
Issued for cash	1,000,000	-	5,350	-
At the end of the year	121,650,000	120,000,000	158,098	152,098

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

SFRS(I) 1-1:79(a)

Share options over ordinary shares granted under the employee share option plan

As at December 31, 2023, employees held options over 5,489,000 ordinary shares (of which 3,700,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Date of grant	Number of options	Expiring on:
July 1, 2020	1,789,000	June 30, 2024
June 30, 2022	1,000,000	June 30, 2026
December 31, 2022	1,000,000	December 31, 2027
March 31, 2023	250,000	March 31, 2027
June 30, 2023	1,150,000	June 30, 2027
October 31, 2023	300,000	October 31, 2027
	5,489,000	

Source

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As at December 31, 2022, employees held options over 4,500,000 ordinary shares (of which 2,000,000 are unvested) in aggregate. The number of options and their expiry dates are as follows:

Date of grant	Number of options	Expiring on:
July 1, 2020	2,500,000	June 30, 2024
June 30, 2022	1,000,000	June 30, 2026
December 31, 2022	1,000,000	December 31, 2027
	4,500,000	

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 5.9.

SFRS(I) 1-32:34

5.5. Treasury shares

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		$'000	$'000
At the beginning of the year	-	-	-	-
Repurchased during the year	200,000	-	500	-
At the end of the year	200,000	-	500	-

The company acquired 200,000 of its own shares through purchases on the Singapore Exchange Securities Trading Limited during the year. The total amount paid to acquire the shares was $0.5 million and has been deducted from shareholders' equity. The shares are held as treasury shares. The company intends to reissue these shares to executives who exercise their share options under the employee share option plan.

Guidance notes – Nature and purpose of reserve

SFRS(I) 1-1:79(b) requires an entity to disclose the description of the nature and purpose of each reserve within equity, either in the statement of financial position or in the statement of changes in equity or in the notes to the financial statements.

Source

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SFRS(I) 1-1:79(b)

5.6. Capital reserves

Equity reserve

The equity reserve represents:
(i) The equity component of convertible debt instruments (Note 5.3); and
(ii) Effects of changes in ownership interests in subsidiaries when there is no change in control (Note 6.1).

Share option reserve

The share option reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set in Notes 5.4 and 5.9.

SFRS(I) 1-1:79(b)

5.7. Revaluation reserves

Property revaluation reserve

The property revaluation reserve arises on the revaluation of freehold land and buildings (Note 3.5).

SFRS(I) 1-16:77(f) The property revaluation reserve is not available for distribution to the company's shareholders.

SFRS(I) 1-1:106(d)(ii) Movement in property revaluation reserve:

	Group	
	2023	2022
	$'000	$'000
Balance at beginning of year	35,452	37,977
Revaluation increase (decrease) on land and buildings	15,283	(2,845)
Deferred tax liability on revaluation of land and buildings (Note 2.6)	(2,492)	320
Balance at end of year	48,243	35,452

Source

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Investments revaluation reserve

SFRS(I) 1-1:79(b)
SFRS(I) 1-1:82A

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of:

(i) investments in equity instruments designated as at FVTOCI (Note 4.3), net of cumulative gain/loss transferred to retained earnings upon disposal; and

(ii) investments in debt instruments classified as at FVTOCI (Note 4.3), net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments.

SFRS(I) 1-1:106(d)(i),(ii)

Movement in investments revaluation reserve:

Source		Group 2023	Group 2022
		$'000	$'000
	Balance at beginning of year	489	432
SFRS(I) 7:20(a)(vii)	Fair value gain on investments in equity instruments designated as at FVTOCI	46	47
SFRS(I) 7:20(a)(viii)	Fair value gain on investments in debt instruments classified as at FVTOCI	20	10
	Balance at end of year	555	489

Source

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5.8. Hedging and translation reserves

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

SFRS(I) 1-1:106(d)(i),(ii) Movement in cash flow hedge reserve:

Source		Foreign exchange risk		Interest rate risk		Total	
		2023	2022	2023	2022	2023	2022
		$'000	$'000	$'000	$'000	$'000	$'000
	Group						
	Balance at beginning of year	1,876	1,290	-	-	1,876	1,290
SFRS(I) 7:24C(b)(i)	Gain (Loss) arising on changes in fair value of hedging instruments	(145)	686	1,779	-	1,634	686
SFRS(I) 7:24C(b)(iv)	(Gain) Loss reclassified to profit or loss - hedged item has affected profit or loss	(278)	(100)	(195)	-	(473)	(100)
SFRS(I) 7:24C(b)(iv)	(Gain) Loss reclassified to profit or loss - forecast transaction no longer expected to occur	(85)	-	-	-	(85)	-
	Balance at end of year	1,368	1,876	1,584	-	2,952	1,876

Material accounting policy information

The material accounting policy information for hedge accounting is disclosed in Note 4.4.

Source

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Foreign exchange translation reserve

Exchange differences relating to the translation of net assets in the group's foreign operations, which mainly relate to subsidiaries, from their functional currency into the parent's functional currency, being Singapore dollars, are accumulated in the foreign exchange translation reserve.

SFRS(I) 1-1:106(d)(i),(ii) Movement in foreign exchange translation reserve:

	Group	
	2023	2022
	$'000	$'000
Balance at beginning of year	(3,368)	(4,098)
Exchange differences on translating the net assets of foreign operations	(1,693)	730
Gain (Loss) reclassified to profit or loss on disposal of foreign operations	-	-
Balance at end of year	(5,061)	(3,368)

Material accounting policy information

The material accounting policy information for translation of the assets and liabilities of the group's foreign operations is disclosed in Note 1.3.

Source

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5.9. Share-based payments

Equity-settled share option plan

SFRS(I) 2:45(a) The company has a share option scheme for all employees of the group. The plan is administered by the Remuneration and Share Option Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of grant. The Remuneration and Share Option Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years. If the options remain unexercised after a period of 4 years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest.

SFRS(I) 2:45(b) Details of the share options outstanding during the year are as follows:

	Group and Company			
	2023		2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the year	4,500,000	4.31	2,500,000	4.45
Granted during the year	1,700,000	4.51	2,000,000	4.22
Forfeited during the year	(1,000)	4.45	-	-
Exercised during the year	(650,000)	4.45	-	-
Expired during the year	(60,000)	4.45	-	-
Outstanding at the end of the year	5,489,000	4.35	4,500,000	4.31
Exercisable at the end of the year	1,789,000	4.45	2,500,000	4.45

SFRS(I) 2:45(c),(d) The weighted average share price at the date of exercise for share options exercised during the year was $4.95 (2022 : $Nil). The options outstanding at the end of the year had a weighted average exercise price of $4.35 (2022 : $4.31), and a weighted average remaining contractual life of 3.4 years (2022 : 4.4 years).

SFRS(I) 2:47(a) In 2023, options were granted on March 31, June 30 and October 31. The aggregate of the estimated fair values of the options granted on those dates is $2.9 million. In 2022, options were granted on June 30 and December 31. The aggregate of the estimated fair values of the options granted on those dates was $1.2 million.

Source

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The fair values for share options granted during the year were calculated using The Black-Scholes pricing model. The inputs into the model are as follows:

	2023	2022
Weighted average share price	\$4.95	\$4.37
Weighted average exercise price	\$4.51	\$4.22
Expected volatility	40%	35%
Expected life	4	4
Risk free rate	3.5%	3.0%
Expected dividend yields	Nil	Nil

SFRS(I) 2:47(a) Expected volatility was determined by calculating the historical volatility of the company's share price over the previous 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

SFRS(I) 2:51(a) The group and the company recognised total expenses of \$2.9 million (2022 : \$1.2 million) related to equity-settled share-based payment transactions during the year.

Cash-settled share-based payments

SFRS(I) 2:45(a)
SFRS(I) 2:51(a),(b)

The group issued to certain employees share appreciation rights ('SARs') that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. The group has recorded liabilities of \$6.7 million (2022 : \$3.5 million). Fair value of the SARs is determined using the Black-Scholes pricing model using the assumptions noted above. The group recorded total expenses of \$3.2 million (2022 : \$3.5 million) during the year in respect of SARs. The total intrinsic value of the vested SARs at December 31, 2023 was \$Nil (2022 : \$Nil).

Source

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Material accounting policy information

SFRS(I) 2:10
SFRS(I) 2:19
SFRS(I) 2:20

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserves.

SFRS(I) 2:30

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

5.10. Dividends

SFRS(I) 1-1:107

On May 23, 2023, a dividend of 4.2 cents per share (total dividend $5.0 million) was paid to shareholders. In May 2022, the dividend paid was 6.7 cents per share (total dividend $8.0 million).

SFRS(I) 1-1:137(a)
SFRS(I) 1-10:13

In respect of the current year, the directors propose that a dividend of 9.8 cents per share will be paid to shareholders on May 25, 2024. The proposed dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the register of members on April 21, 2024. The total estimated dividend to be paid is $11.9 million.

Source

GAAP Singapore Ltd and its subsidiaries

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6. Group structure

This section comprises information about the structure and composition of the group comprising subsidiaries, associates and joint venture, including changes arising from acquisitions and disposals. The material accounting policy information for subsidiaries, associates and joint venture is described in Note 1.3.

SFRS(I) 1-27:16(b)

6.1. Subsidiaries

	Company	
	2023	2022
	$'000	$'000
Unquoted equity shares, at cost	111,650	110,000

During the year, the company injected funds of $1.65 million to subscribe for newly issued shares in a subsidiary.

Details of the group's significant subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Principal activities	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2023	2022
			%	%
GAAP Leisure (Wholesale) Pte Ltd [(1)]	Sale of leisure goods	Singapore	100	100
GAAP Leisure (Retail) Pte Ltd [(1)]	Sale of leisure goods	Singapore	45	45
GAAP Manufacturing Limited [(2)]	Manufacture of leisure goods	Country A	45	45
GAAP Electronics Private Limited [(2)]	Sale and manufacture of electronic equipment	Country B	100	100
GAAP Ventures Pte Ltd [(1)]	Investment holding	Singapore	100	100

Source

GAAP Singapore Ltd and its subsidiaries

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Name of subsidiaries	Principal activities	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2023	2022
			%	%
GAAP Electronics Components Limited [2]	Sale and manufacture of electronic equipment	Country C	70	65
GAAP Pacific Inc [2]	Installation of computer software	Country D	90	90
Held by GAAP Ventures Pte Ltd				
Huiji Electronics Systems Limited [2][3]	Sale and manufacture of electronic equipment	Country C	80	-
GAAP Playsystems Limited [2][4]	Sale and manufacture of electronic toys	Country A	-	100

LM 717, 718

(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
(3) During the financial year, Huiji Electronic Systems Limited was acquired by the group (Note 6.4).
(4) GAAP Playsystems Limited was disposed during the financial year (Note 6.5).

LM 717, 718

Guidance notes – Significant subsidiaries audited by another firm of auditors

Where significant subsidiaries are audited by another firm of auditors, the names of the auditing firms are to be disclosed accordingly. A subsidiary is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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SFRS(I) 1-1:122

Critical judgements in applying the group's accounting policies

SFRS(I) 12:7(a)
SFRS(I) 12:9(b)

Control over GAAP Leisure (Retail) Pte Ltd

GAAP Leisure (Retail) Pte Ltd is a subsidiary of the group although the group only owns 45% of the equity shares of GAAP Leisure (Retail) Pte Ltd. Based on the contractual arrangements between the group and other investors, the group has the power to appoint and remove the majority of the board of directors of GAAP Leisure (Retail) Pte Ltd that has the power to direct the relevant activities of GAAP Leisure (Retail) Pte Ltd. Therefore, management concluded that the group has the practical ability to direct the relevant activities of GAAP Leisure (Retail) Pte Ltd unilaterally and hence the group has control over GAAP Leisure (Retail) Pte Ltd.

Control over GAAP Manufacturing Limited

GAAP Manufacturing Limited is a subsidiary of the group even though the group has only a 45% ownership interest and has only 45% of the voting rights in GAAP Manufacturing Limited. GAAP Manufacturing Limited is listed on the Country A Stock Exchange. The group has held its 45% ownership since June 2018 and the remaining 55% of the ownership interests are held by thousands of shareholders that are unrelated to the group.

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

If management had concluded that the 45% ownership interest was insufficient to give the group control, GAAP Manufacturing Limited would instead have been classified as an associate and the group would have accounted for it using the equity method of accounting.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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SFRS(I) 12:18

The following schedule shows the effects of changes in the group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	Group 2023	Group 2022
	$'000	$'000
Amount paid on changes in ownership interest in subsidiary	350	-
Non-controlling interest acquired	(100)	-
Difference recognised in an equity reserve (Note 5.6)	250	-

SFRS(I) 12:10(a)(i)

Guidance notes – Composition of the group

Disclosure on composition of the group below serves as a guide. Management should exercise judgement on the extent of disclosure that is required that clearly explains to users of financial statements the nature and extent of its interests in those other entities.

SFRS(I) 12:4

Details of composition of the group

SFRS(I) 12:10(a)(i)
SFRS(I) 12:B4(a)
SFRS(I) 12:B5-B6

Information about the composition of the group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2023	Number of wholly-owned subsidiaries 2022
Sale of leisure goods	Singapore	2	2
Sale and manufacture of electronic equipment	Country B	1	1
Investment holding	Singapore	3	3
Sale and manufacture of electronic toys	Country A	-	1
		6	7

Source

GAAP Singapore Ltd and its subsidiaries

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Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries	
		2023	2022
Sale of leisure goods	Singapore	1	1
Manufacture of leisure goods	Country A	2	2
Sale and manufacture of electronic equipment	Country C	2	1
Installation of computer software	Country D	1	1
		6	5

SFRS(I) 12:13 There are no significant restrictions on the ability of the company or the subsidiaries to access or use the assets and settle the liabilities of the group.

Guidance notes – Significant restrictions

When there are significant restrictions (e.g. statutory, contractual and regulatory restrictions) on the ability of the company or the subsidiaries to access or use the assets and settle the liabilities of the group, the group should disclose the nature and extent of significant restrictions. Please see SFRS(I) 12:13 for details.

SFRS(I) 12:14-17 **Guidance notes – Financial support**

When the group gives financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the financial statements. Please see SFRS(I) 12:15 for details.

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Details of non-wholly owned subsidiaries that have material non-controlling interests

SFRS(I) 12:10(a)(ii) The table below shows details of non-wholly owned subsidiaries of the group that have material non-controlling interests:

SFRS(I) 12:12(a)-(f)

Guidance notes – Non-controlling interests that are material

SFRS(I) 12:B11

For illustrative purposes, the following non-wholly owned subsidiaries are assumed to have non-controlling interests that are material to the group. The amounts disclosed should not reflect the elimination of intragroup transactions.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests for the year		Non-controlling interests in statement of financial position	
		2023	2022	2023	2022	2023	2022
Group		%	%	$'000	$'000	$'000	$'000
GAAP Manufacturing Limited	Country A	55	55	401	464	1,794	1,393
GAAP Leisure (Retail) Pte Ltd	Singapore	55	55	61	(258)	1,084	1,023
GAAP Electronics Components Limited	Country C	30	35	34	(128)	137	103
Huiji Electronics Systems Private Limited	Country C	20	-	98	-	1,278	-
Individually immaterial subsidiaries with non-controlling interests				15	19	292	57
Total				609	97	4,585	2,576

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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SFRS(I) 12:12(g)
SFRS(I) 12:B10-B11

Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	GAAP Manufacturing Limited		GAAP Leisure (Retail) Pte Ltd		GAAP Electronics Components Limited		Huiji Electronics Systems Limited	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	1,576	1,070	1,580	1,678	591	464	16,579	-
Non-current assets	2,568	2,317	1,298	987	212	334	13,409	-
Current liabilities	(276)	(266)	(398)	(356)	(224)	(345)	(20,998)	-
Non-current liabilities	(606)	(588)	(509)	(449)	(122)	(224)	(2,598)	-
Equity attributable to owners of the company	1,468	1,140	887	837	320	126	5,114	-
Non-controlling interests	1,794	1,393	1,084	1,023	137	103	1,278	-

Source

GAAP Singapore Ltd and its subsidiaries

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	GAAP Manufacturing Limited		GAAP Leisure (Retail) Pte Ltd		GAAP Electronics Components Limited		Huiji Electronics Systems Limited	
	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	2,918	2,285	3,109	3,408	2,453	2,678	6,908	-
Expenses	(2,189)	(1,441)	(2,998)	(3,877)	(2,340)	(2,962)	(6,418)	-
Profit (Loss) for the year	729	844	111	(469)	113	(284)	490	-
Profit (Loss) attributable to owners of the company	328	380	50	(211)	79	(156)	392	-
Profit (Loss) attributable to non-controlling interests	401	464	61	(258)	34	(128)	98	-
Profit (Loss) for the year	729	844	111	(469)	113	(284)	490	-
Other comprehensive income attributable to owners of the company	-	-	-	-	-	-	-	-
Other comprehensive income attributable to non-controlling interests	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income attributable to owners of the company	328	380	50	(211)	79	(156)	392	-
Total comprehensive income attributable to non-controlling interests	401	464	61	(258)	34	(128)	98	-
Total comprehensive income for the year	729	844	111	(469)	113	(284)	490	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

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	GAAP Manufacturing Limited		GAAP Leisure (Retail) Pte Ltd		GAAP Electronics Components Limited		Huiji Electronics Systems Limited	
	2023	2022	2023	2022	2023	2022	2023	2022
	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Net cash inflow (outflow) from operating activities	321	359	130	119	98	78	2,089	-
Net cash inflow (outflow) from investing activities	(251)	(39)	24	(21)	34	5	(509)	-
Net cash inflow (outflow) from financing activities	20	(120)	(120)	(73)	(90)	(12)	(448)	-
Net cash inflow (outflow)	90	200	34	25	42	71	1,132	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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6.2. Associates

	Group	
	2023	2022
	$'000	$'000
Cost of investment in associates	32,920	1,120
Share of post-acquisition profit, net dividend received	12,140	11,154
	45,060	12,274

During the year, the group contributed additional capital investment of $31.8 million in the associate, PAAG Pte Ltd.

SFRS(I) 12:21(a) Details of each of the group's material associates at the end of the reporting period are as follows:

Name of associates	Principal activities	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2023	2022
			%	%
Apag Limited [(2)]	Leisure goods	Country G	40	40
PAAG Pte Ltd [(1)]	Manufacture of electronic equipment	Singapore	17	17

LM 717, 718
(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

LM 717, 718

Guidance notes – Significant associates audited by another firm of auditors

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

SFRS(I) 12:9(e) As at December 31, 2023, the fair value of the group's interest in Apag Limited, which is listed on the stock exchange of Country G, was $8.3 million (2022 : $8.1 million) measured based on the quoted market price available on the stock exchange of Country G (Level 1 fair value).

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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SFRS(I) 1-1:122

Critical judgements in applying the group's accounting policies

SFRS(I) 12:7(b)
SFRS(I) 12:9(e)

Significant influence over PAAG Pte Ltd

PAAG Pte Ltd is an associate of the group although the group only holds less than 20% of the equity shares of PAAG Pte Ltd, and it has less than 20% of the voting power at shareholder meetings. Management concluded that the group has significant influence over PAAG Pte Ltd by virtue of its contractual right to appoint two out of seven directors to the board of directors of that company.

SFRS(I) 12:21(b)(ii)
SFRS(I) 12:B12
SFRS(I) 12:B14(a)

Summarised financial information in respect of each of the group's material associates is set out below. The summarised financial information below represents amounts included in the financial statements of the associate, not the entity's share of these amounts, and are prepared in accordance with SFRS(I) and are adjusted to reflect fair value adjustments upon acquisition and accounting policy alignments. Dividends received from the associates represent the actual amounts attributable and hence received by the group.

Apag Limited	2023	2022
	$'000	$'000
Current assets	22,954	23,606
Non-current assets	85,993	91,457
Current liabilities	(70,361)	(70,273)
Non-current liabilities	(18,190)	(25,538)

	2023	2022
	$'000	$'000
Revenue	58,387	69,758
Profit or loss from continuing operations	1,143	1,332
Post-tax profit (loss) from discontinued operations	-	-
Profit for the year	1,143	1,332
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,143	1,332
Dividends received from the associate during the year	-	-

Source

GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 12:B14(b) Reconciliation of the above summarised financial information to the carrying amount of the interest in Apag Limited recognised in these consolidated financial statements:

	2023	2022
	$'000	$'000
Net assets of the associate	20,396	19,252
Proportion of the group's ownership interest in Apag Limited	40%	40%
Goodwill	-	-
Other adjustments *(please specify)*	-	-
Carrying amount of the group's interest in Apag Limited	8,158	7,701

SFRS(I) 12:21(b)(ii)
SFRS(I) 12:B12
SFRS(I) 12:B14(a)

PAAG Pte Ltd

	2023	2022
	$'000	$'000
Current assets	86,974	18,442
Non-current assets	168,460	17,221
Current liabilities	(35,981)	(14,220)
Non-current liabilities	(5,206)	(8,290)

	2023	2022
	$'000	$'000
Revenue	105,790	65,890
Profit or loss from continuing operations	2,271	2,262
Post-tax profit (loss) from discontinued operations	-	-
Profit for the year	2,271	2,262
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,271	2,262
Dividends received from the associate during the year	-	-

Source

GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 12:B14(b)

Reconciliation of the above summarised financial information to the carrying amount of the interest in PAAG Pte Ltd recognised in these consolidated financial statements:

	2023	2022
	$'000	$'000
Net assets of the associate	214,247	13,153
Proportion of the group's ownership interest in PAAG Pte Ltd	17%	17%
Goodwill	-	-
Other adjustments *(please specify)*	-	-
Carrying amount of the group's interest in PAAG Pte Ltd	36,422	4,236

SFRS(I) 12:21(c)(ii)
SFRS(I) 12:B16

Aggregate information of associates that are not individually material	2023	2022
	$'000	$'000
The group's share of profit (loss) from continuing operations	143	358
The group's share of post-tax profit (loss) from discontinued operations	-	-
The group's share of other comprehensive income	-	-
The group's share of total comprehensive income	143	358
Aggregate carrying amount of the group's interests in these associates	480	337

Guidance notes - Unrecognised share of losses of a joint venture or associate

SFRS(I) 12:22(c)

If the group has stopped recognising its share of losses of the joint venture or associate when applying the equity method, the group should disclose the unrecognised share of losses of a joint venture or associate as below.

	2023	*2022*
	$'000	*$'000*
The unrecognised share of losses of an associate for the year	*xx*	*xx*
Cumulative share of losses of an associate	*xx*	*xx*

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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Guidance notes - Change in the group's ownership interest in an associate or a joint venture

SFRS(I) 1-28:22

When there is a change in group's ownership interest in an associate or a joint venture, the group should disclose details as set out below.

[In the prior year, the group held a 40% interest in E Plus Limited and accounted for the investment as an associate. In December 2023, the group disposed of a 30% interest in E Plus Limited to a third party for proceeds of $__ million (received in January 2024). The group has accounted for the remaining 10% interest as a financial asset measured at FVTOCI whose fair value at the date of disposal was $__ million, which was determined using a discounted cash flow model (please describe key factors and assumptions used in determining the fair value). This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	2023
	$'000
Proceeds of disposal	*xx*
Add: Fair value of investment retained (10%)	*xx*
Less: Carrying amount of investment on the date of loss of significant influence	*xx*
Gain recognised	*xx*

The gain recognised in the current year comprises a realised profit of $__ million (being the proceeds of $__ million less $__ million carrying amount of the interest disposed of) and an unrealised profit of $__ million (being the fair value less the carrying amount of the 10% interest retained). A current tax expense of $__ arose on the gain realised in the current year, and a deferred tax expense of $__ has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.]

Guidance notes - Significant restrictions

SFRS(I) 12:22(a)

When there are significant restrictions on the ability of joint ventures or associates to transfer funds to the group in the form of cash dividends, or to repay loans or advances made by the group, the group should disclose the nature and extent of significant restrictions in the financial statements.

Source

GAAP Singapore Ltd and its subsidiaries

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6.3. Joint venture

	Group 2023	Group 2022
	$'000	$'000
Cost of investment in joint venture	1,800	1,800
Share of post-acquisition profit, net dividend received	2,124	1,840
Foreign exchange difference	22	22
	3,946	3,662

SFRS(I) 12:21(a) Details of the group's material joint venture at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group 2023	2022
			%	%
JV Electronics Limited [1]	Manufacture of electronic equipment	Country C	33	33

LM 717, 718 (1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

LM 717, 718

Guidance notes – Significant joint ventures audited by another firm of auditors

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

SFRS(I) 1-1:122

Critical judgements in applying the group's accounting policies

SFRS(I) 12:7(b),(c)

Classification of JV Electronics Limited as a joint venture

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

Source

GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 12:B14

Summarised financial information in respect of the group's material joint venture is set out below. The summarised financial information below represents amounts included in the financial statements of the joint venture, not the entity's share of these amounts, and are prepared in accordance with SFRS(I) and are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments. Dividends received from the joint venture represent the actual amounts attributable and hence received by the group.

SFRS(I) 12:21(b)(ii)
SFRS(I) 12:B12
SFRS(I) 12:B14(a)

JV Electronics Limited	2023	2022
	$'000	$'000
Current assets	5,454	7,073
Non-current assets	23,221	20,103
Current liabilities	(2,836)	(3,046)
Non-current liabilities	(13,881)	(13,033)

SFRS(I) 12:B13

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	231	553
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(12,881)	(12,373)

	2023	2022
	$'000	$'000
Revenue	6,436	6,076
Profit or loss from continuing operations	861	733
Post-tax profit (loss) from discontinued operations	-	-
Profit (Loss) for the year	861	733
Other comprehensive income for the year	-	-
Total comprehensive income for the year	861	733
Dividends received from the joint venture during the year	-	-

SFRS(I) 12:B13

The above profit (loss) for the year includes the following:

Depreciation and amortisation	200	180
Interest income	-	-
Interest expense	56	48
Income tax expense	-	-

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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SFRS(I) 12:B14(b) Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	2023	2022
	$'000	$'000
Net assets of joint venture	11,958	11,097
Proportion of the group's ownership interest in the joint venture	33%	33%
Goodwill	-	-
Other adjustments (please specify)	-	-
Carrying amount of the group's interest in the joint venture	3,946	3,662

SFRS(I) 12:23 The group's share of the capital commitments of its joint venture, JV Electronics Limited, is as follows:

	Group	
	2023	2022
	$'000	$'000
Commitments for the acquisition of property, plant and equipment	928	379

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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6.4. Acquisition of subsidiary

SFRS(I) 3:B64 (a)-(d)

On August 1, 2023, the group acquired 80% of the issued share capital of Huiji Electronic Systems Limited ('HESL'), obtaining control of HESL.

HESL is an entity incorporated in Country C with its principal activity being the sale and manufacture of electronic equipment, and qualifies as a business as defined in SFRS(I) 3. HESL was acquired for various reasons, the primary reason being to gain access to HESL's already established manufacturing facilities and assembled workforce (instead of setting up new facilities which may take time to reach optimum production efficiency levels).

Guidance notes – Disclosures of business combinations

Disclosures are made for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively.

Guidance notes – Business combinations after the end of the reporting period but before the financial statements are authorised for issue

SFRS(I) 3:B66

The disclosures illustrated are also required for business combinations after the end of the reporting period but before the financial statements are authorised for issue unless the initial accounting for the acquisition is incomplete at the time the financial statements are authorised for issue. In such circumstances, the entity is required to describe which disclosures could not be made and the reasons why they could not be made.

Notes to financial statements

Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements
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SFRS(I) 3:B64(i)
SFRS(I) 1-7:40(d)

Identifiable assets acquired and liabilities assumed at the date of acquisition

	2023
	$'000
Current assets	
Cash and cash equivalents	4,272
Trade and other receivables	12,520
Inventories	2,854
Non-current assets	
Plant and equipment	8,907
Trademarks	870
Deferred tax assets	351
Current liabilities	
Trade and other payables	(21,268)
Non-current liabilities	
Contingent liability	(21)
Deferred tax liabilities	(150)
Net identifiable assets acquired	8,335

SFRS(I) 3:B64(h)

The fair value of the financial assets includes receivables acquired (which principally comprised of trade receivables) with a fair value of $12.5 million and a gross contractual value of $13.0 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $0.5 million.

SFRS(I) 3:B64(h)

Guidance notes – Acquired receivables

The disclosures above in relation to acquired receivables should be provided by major class of receivables e.g. loans, direct finance leases and any other class of receivables.

SFRS(I) 3:B64(j)

A contingent liability of $21,000 has been recognised in respect of a claim from supplier and is expected to be settled by the end of 2023. The potential undiscounted amount of all future payments that the group could be required to make in respect of this contingent liability is estimated to be between $18,000 and $23,000.

Source

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SFRS(I) 3:B64(j)

Guidance notes – Contingent liability assumed in a business combination

If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose the information required by SFRS(I) 1-37:86, and the reasons why the liability cannot be measured reliably.

SFRS(I) 1-37:86 requires a brief description of the nature of the contingent liability and, where practicable:

a. An estimate of its financial effect;
b. An indication of the uncertainties relating to the amount or timing of any outflow; and
c. The possibility of any reimbursement.

Non-controlling interest

SFRS(I) 3:B64(o)

The non-controlling interest (20% ownership interest in HESL) recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $1.5 million. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- Assumed discount rate ranging from 18% to 22%;
- Assumed long-term sustainable growth rates of 3% to 5%; and
- Assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in HESL.

Source

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SFRS(I) 3:B64(f)
SFRS(I) 1-7:40(a)

Consideration transferred (at acquisition date fair values)

	2023
	$'000
Cash	10,378
Contingent consideration arrangement (i)	75
Effect of settlement of legal claim pursued by HESL (ii)	40
Total	10,493

SFRS(I) 3:B64(g) (i) The contingent consideration arrangement requires the group to pay the vendors an additional $1 million if HESL's profit before interest and tax (PBIT) in each of the years 2023 and 2024 exceeds $2 million. HESL's PBIT for the past three years has been $1.2 million on average and the management does not consider it probable that this payment will be required. $75,000 represents the estimated fair value of this obligation estimated by applying an income approach and discounted at 13% per annum.

SFRS(I) 3:B64(l) (ii) Prior to the acquisition of HESL by the group, HESL was pursuing a legal claim against a freight company in respect of damage to goods in transit to a customer. Although HESL was confident of recovery, this amount has not previously been recognised as an asset. In line with the requirements of SFRS(I) 3, the group has recognised the effective settlement of this legal claim on the acquisition of HESL by recognising $40,000 (being the estimated fair value of the claim) as a gain in the statement of profit or loss and other comprehensive income within the 'Other operating income' line item. This has resulted in a corresponding increase in the consideration transferred. The fair value of the gain was determined after considering estimations of probabilities of outcomes of the lawsuit, and associated legal fees.

SFRS(I) 3:B64(m) Acquisition-related costs amounting to $0.1 million have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'Other operating expenses' line item in profit or loss.

Goodwill arising on acquisition

	2023
	$'000
Consideration transferred	10,493
Add: Non-controlling interest	1,500
Less: Net acquisition-date amounts of the identifiable assets acquired and the liabilities assumed	(8,335)
Goodwill arising on acquisition	3,658

Source

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SFRS(I) 3:B64(e) Goodwill arose in the acquisition of HESL because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, technology innovation and the assembled workforce of HESL. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The group also acquired the customer lists and customer relationships of HESL as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. Consequently, they are subsumed into goodwill.

SFRS(I) 3:B64(k) None of the goodwill is expected to be deductible for tax purposes.

Guidance notes – Bargain purchase

SFRS(I) 3:B64(n) In a bargain purchase the acquirer is required to disclose:

- The amount of any gain recognised and the line item in the statement of profit or loss and other comprehensive income in which the gain is recognised; and
- A description of the reasons why the transaction resulted in a gain.

SFRS(I) 3 does not specify that the amount of the gain recognised must be shown as a separate line item. It could be shown as part of 'Other gains and losses'. However, the requirements of SFRS(I) 3:B64(n) ensure that the amount is separately disclosed in the notes.

Net cash outflow arising on acquisition

Source		2023 $'000
SFRS(I) 1-7:40(b)	Consideration paid in cash	10,378
SFRS(I) 1-7:40(c)	Less: Cash and cash equivalent balances acquired	(4,272)
		6,106

Source

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Impact of acquisitions on the results of the group

SFRS(I) 3:B64(q)

HESL contributed $69 million revenue and $0.5 million to the group's profit for the period between the date of acquisition and the reporting date.

If the acquisition of HESL had been completed on the first day of the financial year, group revenue for the year would have been $895 million and group profit would have been $44.3 million.

Guidance notes – Impact of acquisitions on the results of the group

If disclosure of any of the information required by SFRS(I) 3:B64(q) above is impracticable, the acquirer should disclose that fact and explain why the disclosure is impracticable.

Material accounting policy information

Business combinations

SFRS(I) 3:4
SFRS(I) 3:37
SFRS(I) 3:38
SFRS(I) 3:53

The group accounts for the above business combination using the acquisition method. The consideration transferred in the business combination is the sum of the acquisition-date fair values of cash transferred by the group and liabilities incurred by the group to the former owners of the acquiree, in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred in the consolidated financial statements.

SFRS(I) 3:18
SFRS(I) 3:21
SFRS(I) 3:24

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities are recognised and measured in accordance with SFRS(I) 1-12.

SFRS(I) 3:32
SFRS(I) 3:36

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of non-controlling interests in the acquiree measured at fair value, over the net acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

SFRS(I) 3:39
SFRS(I) 3:58

The contingent consideration payable is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. It is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Source

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Guidance notes – Other disclosures

SFRS(I) 3:B64(p)

1. Acquisitions achieved in stages

In a business combination achieved in stages, the acquirer is required to disclose:

- The acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date; and

- The amount of any gain or loss recognised as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination and the line item in the statement of profit or loss and other comprehensive income in which that gain or loss is recognised.

SFRS(I) 3:B67(a)

2. Initial accounting for a business combination determined provisionally

If the initial accounting for a business combination is incomplete for particular assets, liabilities, non-controlling interests or items of consideration and the amounts recognised in the financial statements for the business combination thus have been determined only provisionally, the acquirer shall disclose the following information:

(i) The reasons why the initial accounting for the business combination is incomplete;
(ii) The assets, liabilities, equity interests or items of consideration for which the initial accounting is incomplete; and
(iii) The nature and amount of any measurement period adjustments recognised during the reporting period.

An example of such a disclosure may be as follows:

The initial accounting for the acquisition of Huiji Electronic Systems Limited has only been provisionally determined at the end of the reporting period. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

[*List out assets, liabilities, non-controlling interests or items of consideration where fair values are provisionally determined*]

Source

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6.5. Disposal of subsidiary

SFRS(I) 1-7:40(d) As referred to in Note 2.7, on November 30, 2023, the group discontinued its electronic toys operation at the time of the disposal of its interest in GAAP Playsystems Limited.

The net assets of GAAP Playsystems Limited at the date of disposal were as follows:

	2023
	$'000
Current assets	
Cash and cash equivalents	4,382
Trade receivables	13,549
Inventories	11,954
Non-current asset	
Property, plant and equipment	10,125
Current liabilities	
Trade payables	(2,321)
Income tax payable	(1,854)
Non-current liabilities	
Bank loans	(6,398)
Deferred tax liability	(255)
Attributable goodwill	1,695
Net assets disposed off	30,877

SFRS(I) 1-7:40(a)
SFRS(I) 1-7:40(b)

	2023
	$'000
Consideration received	
Cash	15,831
Deferred consideration	23,539
Total consideration received	39,370

Source

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	2023
	$'000
Gain on disposal	
Consideration received	39,370
Net assets derecognised	(30,877)
Non-controlling interest derecognised	-
Fair value of retained interest accounted for under SFRS(I) 9	-
Cumulative exchange differences reclassified from foreign exchange translation reserve on loss of control of subsidiary	-
Gain on disposal	8,493

The gain on disposal is included in the profit for the year from discontinued operation (Note 2.7).

		2023
		$'000
SFRS(I) 1-7:40(c)	Net cash inflow arising on disposal	
	Cash consideration received	15,831
	Less: Cash and cash equivalents disposed of	(4,382)
		11,449

There were no disposals of subsidiaries made in 2022.

The deferred consideration will be settled in cash by the purchaser on or before May 30, 2024.

The impact of GAAP Playsystems Limited on the group's results and cash flows in the current and prior periods is disclosed in Note 2.7.

Material accounting policy information

SFRS(I) 10:B97
SFRS(I) 10:B98
SFRS(I) 10:B99

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All exchange differences accumulated in the foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss. The fair value of the investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of the investment under SFRS(I) 9.

Source

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SFRS(I) 5:41

6.6. Disposal group classified as held for sale

On December 20, 2023, the board of directors resolved to dispose of one of the group's production lines for electronic goods. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the production line, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The operations are included in the group's electronic equipment activities for segment reporting purposes (Note 2.1).

The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment loss has been recognised on the classification of this disposal group as held for sale.

SFRS(I) 5:38 The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

Source		Group 2023 $'000
	Property, plant and equipment	1,698
SFRS(I) 1-2:36(c)	Inventories	202
	Assets classified as held for sale	1,900
	Trade and other payables, and total liabilities directly associated with assets classified as held for sale	(247)
	Net assets of disposal group	1,653

Material accounting policy information

SFRS(I) 5:15 Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable, the asset (or disposal group) is available for immediate sale in its present condition and the sale is expected to occur within one year from the date of classification.

Source

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Guidance notes – Non-current assets (and disposal groups) classified as held for sale

SFRS(I) 5:41(d)

1. For an entity presenting segment information in accordance with SFRS(I) 8, the entity discloses the reportable segment in which the non-current asset (or disposal group) is presented in accordance with SFRS(I) 8.

2. SFRS(I) 5 specifies the disclosures required in respect of assets (or disposal groups) classified as held for sale or discontinued operations. Disclosures in other SFRS(I)s do not apply to such assets (or disposal groups) unless:

   - Those SFRS(I)s specifically require disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations (e.g. SFRS(I) 1-16 *Property, Plant and Equipment*); or

   - The disclosures relate to the measurement of assets or liabilities within a disposal group that are outside the scope of SFRS(I) 5's measurement requirements and the information is not disclosed elsewhere in the financial statements (e.g. measurement of financial instruments in accordance with SFRS(I) 9).

Source

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7. Others

7.1. Holding company and related company transactions

SFRS(I) 1-24:13
SFRS(I) 1-1:138(c)

The company is a subsidiary of GAAP Holdings Ltd, incorporated in the Republic of Singapore, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies that are not members of the group.

Guidance notes – Disclosure of name of ultimate controlling party

SFRS(I) 1-24:13

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

If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

A possible disclosure may be as follows:

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

SFRS(I) 1-24:18

Some of the company's transactions and arrangements are with its subsidiaries and the effect of these on the basis determined between the parties are reflected in the separate financial statements of the company. The intercompany balances are unsecured, interest-free and repayable on demand.

SFRS(I) 1-24:18
SFRS(I) 1-24:19

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

	Group			
	Sale of goods		Purchases of goods	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
GAAP Holdings Ltd	1,693	1,582	1,439	1,427
Subsidiaries of GAAP Holdings Ltd that are not members of the group	1,289	1,981	1,897	883

Source

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The following amounts with related companies were outstanding at the reporting date and included in trade receivables and trade payables respectively:

	Group			
	Trade receivables (Note 3.2)		Trade payables (Note 3.10)	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
GAAP Holdings Ltd	209	198	231	139
Subsidiaries of GAAP Holdings Ltd that are not members of the group	398	323	149	78

SFRS(I) 1-24:23

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

SFRS(I) 1-24:18 (b),(c),(d)

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the period for expected credit losses in respect of the amounts owed by related companies.

SFRS(I) 1-24:18
SFRS(I) 1-24:19

In addition to the above, GAAP Holdings Ltd performed certain administrative services for the company, for which a management fee of $0.2 million (2022 : $0.2 million) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments of GAAP Holdings Ltd.

The loans from GAAP Holdings Ltd as disclosed in Note 3.10 are unsecured, interest-free and repayable on demand.

Source

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7.2. Other related party transactions

SFRS(I) 1-24:18
SFRS(I) 1-24:19

In addition to those disclosed in Note 7.1, the group entered into transactions and arrangements with other related parties as disclosed below.

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

	Group			
	Sale of goods		Purchases of goods	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Associates	2,398	2,291	3,264	2,976

The following amounts with other related parties were outstanding at the reporting date and included in trade receivables and trade payables respectively:

	Group			
	Trade receivables (Note 3.2)		Trade payables (Note 3.10)	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Associates	378	152	457	278

SFRS(I) 1-24:23

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

SFRS(I) 1-24:18 (b),(c),(d)

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the period for expected credit losses in respect of the amounts owed by the above other related parties.

The convertible loan notes (Note 5.3) issued during the year is secured by a personal guarantee of a director. No charge has been made for this guarantee.

Guidance notes – Guarantees given by directors

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

Source

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SFRS(I) 1-24:17 **Compensation of directors and key management personnel**

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

	Group	
	2023	2022
	$'000	$'000
Short-term employee benefits	13,681	10,270
Post-employment benefits	1,602	1,391
Other long-term benefits	1,153	1,769
Share-based payments	949	863
	17,385	14,293

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

Guidance notes – Key management personnel compensation

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

Note: SFRS(I) 1-24 does not mandate inter-company billing arrangements. Therefore, the allocation would be for disclosure purposes.

2. Non-monetary benefits to key management personnel
For the purposes of SFRS(I) 1-24:18, it would be appropriate to disclose non-monetary benefits granted to key management personnel. For example, where a member of key management personnel is given, as part of his employment package, the benefit of staying in a residential property owned by the reporting entity, it would be appropriate to disclose the depreciation of the property recognised in the period, because that is the amount the entity has recognised in profit or loss in respect of the benefits.

SFRS(I) 1-24 does not require disclosure of fair value of the benefit provided. The entity should consider whether the amount recognised reflects the nature of the benefit provided. If the fair value of the benefit could be determined reliably, disclosure of additional information that is relevant to users, including a description of the terms and conditions of the compensation, would be encouraged.

Source

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3. Directors' and key executives' remuneration
Where the company is listed, other than the disclosures required by SFRS(I) 1-24 in the financial statements, the issuer should also make disclosure as recommended in the Code of Corporate Governance in the annual report (i.e. not necessarily in the financial statements), or otherwise disclose and explain any deviation from the recommendation.

The requirements of the Code of Corporate Governance 2018 on disclosure of remuneration are reproduced below:

Principle

CCG.8 — 8. The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions

CCG.8.1 — 8.1. The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:
(a) each individual director and the CEO; and
(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel.

CCG.8.2 — 8.2. The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

CCG.8.3 — 8.3. The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

For the financial years ending on or after December 31, 2024, Rule 1207(10D) of the SGX Listing Rules (Mainboard) / Rule 1204(10D) of the SGX Listing Rules (Catalist) requires issuers to disclose in their annual reports, the names, exact amounts and breakdown of remuneration paid to each individual director and the CEO by the issuer and its subsidiaries. Such breakdown must include (in percentage terms) base or fixed salary, variable or performance-related income or bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

Please also refer to Code of Corporate Governance 2018 Practice Guidance 8 in relation to Disclosure on Remuneration.

Source

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SFRS(I) 1-7:43

7.3. Non-cash transactions

Additions to equipment amounting to $5 million (2022 : $Nil) were acquired on deferred payment terms, the settlement of which are still outstanding at year end.

SFRS(I) 1-37:86

7.4. 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, were the cause of a major fire in the customer's premises in February 2023. Total losses to the customer have been estimated at $29.8 million and this amount is being claimed from the group. The group's lawyers have advised that they do not consider that the claim has merit, and they have recommended that it be contested. No provision has been made in these financial statements as the group's management does not consider that there is any probable loss.

The group acquired $21,000 of contingent liability at the date of acquisition of Huiji Electronic Systems Limited (Note 6.4). This was recognised as a provision and was settled prior to the end of the reporting period.

Guidance notes – Contingent liabilities incurred relating to its interests in joint ventures or associates

SFRS(I) 12:23(b)

An entity shall disclose contingent liabilities incurred relating to its interests in joint ventures or associates (including its share of contingent liabilities incurred jointly with other investors with joint control of, or significant influence over, the joint ventures or associates), separately from the amount of other contingent liabilities.

[*Disclose details*]

	Group	
	2023	*2022*
	$'000	*$'000*
Group's share of associates' contingent liabilities	*xx*	*xx*

The amount disclosed represents the group's share of contingent liabilities of associates. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

Source

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SFRS(I) 1-1:114(iv)

7.5. Commitments

Guidance notes – Commitments

Commitments that are not disclosed elsewhere in the notes to the financial statements are detailed below:
[to include where applicable]

7.6. Operating lease arrangements (group as a lessor)

SFRS(I) 16:89

Operating leases, in which the group is the lessor, relate to investment property owned by the group and have lease terms of between 6 to 8 years, with a three-year extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

SFRS(I) 16:92(b)

The unguaranteed residual values do not represent a significant risk for the group, as they relate to property which is in a location with a constant increase in value over the last 10 years. The group did not identify any indications that this situation will change.

SFRS(I) 16:97

Maturity analysis of operating lease payments:

	Group	
	2023	2022
	$'000	$'000
Year 1	600	600
Year 2	600	600
Year 3	600	600
Year 4	600	600
Year 5	600	600
Year 6 and onwards	860	1,460
Total	3,860	4,460

Source

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SFRS(I) 16:91 The following table represents the amounts reported in profit or loss:

		Group	
		2023	2022
		$'000	$'000
SFRS(I) 16:90(b)	Lease income on operating leases (Note 2.4)	600	680
	Lease income relating to variable lease payments that do not depend on an index or rate	-	-
	Total	600	680

Material accounting policy information

The group as lessor

The group enters into lease agreements as a lessor with respect to some of its investment properties and the leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

SFRS(I) 1-10:21

7.7. Events after the reporting period

On January 18, 2024, the premises of GAAP Electronics Private Limited were damaged by fire. Insurance claims have been put in hand but the cost of refurbishment is currently expected to exceed by approximately $0.6 million. Impairment loss of approximately $1.7 million is expected to be recognised in profit or loss after the reporting date. The amount of insurance claims will be recognised when it is virtually certain that reimbursement will be received.

Source

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SFRS(I) 1-1:41

7.8. Reclassifications and comparative figures

Guidance notes – Reclassification and comparative figures

If information on reclassifications and comparative figures are applicable for the year, the following wordings and format could be used:

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

As a result, certain line items have been amended in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported	*After reclassification*
	2022	*2022*
	$'000	*$'000*
[*To provide details*]	*xx*	*xx*

Source

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7.9. Standards issued but not effective

SFRS(I) 1-8:30 At the date of authorisation of these financial statements, the group and company have not applied the following SFRS(I) pronouncements that have been issued but are not yet effective: [*List the SFRS(I), SFRS(I) INTs and amendments to SFRS(I) where applicable.*]

Guidance notes – Disclosures of SFRS(I) pronouncements issued but not effective

It is not required to list all SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) that were issued but not effective at date of authorisation of financial statements. Only those relevant to the entity should be indicated.

The list of SFRS(I)s issued but not effective shown below is complete as of November 30, 2023. The potential impact of any new or revised SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I)s after that date but before the issue of the financial statements should also be considered and disclosed.

Effective for annual periods beginning on or after January 1, 2024

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

Effective for annual periods beginning on or after January 1, 2025

- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Source

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SFRS(I) 1-8:30(b)

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except for the following:

Guidance notes – Impact of the application of the new and revised SFRS(I) pronouncements

SFRS(I) 1-8:31 (d),(e)

SFRS(I) 1-8:30 requires entities to give known or reasonably estimable information relevant to assessing the possible impact that the application of any new or revised SFRS(I) will have on the entity's financial statements in the period of initial application. To meet the requirements of SFRS(I) 1-8:30(b), an entity should consider disclosing:

- the date as at which it plans to apply the new SFRS(I), SFRS(I) INT or amendments to SFRS(I) initially, and

- either a discussion of the impact that initial application is expected to have on the entity's financial statements, or if the impact is not known or reasonably estimable, a statement to that effect.

The impact of the application of the new and revised SFRS(I) pronouncements below is for illustrative purposes only. Entities should analyse the impact of these new or revised SFRS(I) pronouncements on their financial statements based on their specific facts and circumstances and make appropriate disclosures.

Illustrative disclosures on the background and nature of SFRS(I) pronouncements issued but not effective - examples:
Include where applicable.

SFRS(I) 1-8:30(b)

Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*

The amendments issued by ASC in May 2020 (2020 amendments) affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with earlier application permitted. The effective date has been aligned with the 2022 amendments to SFRS(I) 1-1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

Source

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SFRS(I) 1-8:30(b)

Amendments to SFRS(I) 1-1: ***Non-current Liabilities with Covenants***

The amendments issued by ASC in December 2022 (2022 amendments) specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. If an entity applies the 2022 amendments for an earlier period, it is also required to apply the 2020 amendments for the same period.

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SFRS(I) 1-8:30(b)

Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*

The amendments add a disclosure objective to SFRS(I) 1-7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk. In addition, SFRS(I) 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted.

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SFRS(I) 1-8:30(b)

Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SFRS(I) 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SFRS(I) 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, an Illustrative Example in SFRS(I) 16 is amended and a new example is added to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying SFRS(I) 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. A seller-lessee applies the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SFRS(I) 16.

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SFRS(I) 1-8:30(b)

Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

The amendments to SFRS(I) 1-21 specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable when an entity is able to exchange that currency for the other currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. However, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose.

When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively but instead, it is required to apply the specific transition provisions included in the amendments.

SFRS(I) 1-8:30(b)

Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to SFRS(I) 10 and SFRS(I) 1-28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by ASC; however, earlier application of the amendments is permitted.

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Illustrative disclosures on the discussion of possible impact arising from each relevant SFRS(I) pronouncements issued but not effective:
Include where applicable.

Example 1 – where entity has assessed and the impact is known and reasonably estimable

Management anticipates that the initial application of the new SFRS(I) XXX will result in changes to the accounting policies relating to [describe the type of transactions affected] and [account balances] are expected to be impacted by [describe known or reasonably estimable effects]. Additional disclosures will also be made with respect of [describe the type of transactions and balances affected], including any significant judgement and estimation made, and [describe any other significant new disclosures]. Management does not plan to early adopt the new SFRS(I) XXX. [Or - Management plans to early adopt the new SFRS(I) XXX with effect from annual periods beginning Mm Dd, Yyyy.]

Example 2 – where entity has not yet assessed and the impact is not known or not reasonably estimable

Management anticipates that the initial application of the new SFRS(I) XXX will result in changes to the accounting policies relating to [describe the type of transactions affected]. Additional disclosures will also be made with respect of [describe the type of transactions and balances affected], including any significant judgement and estimation made, and [describe any other significant new disclosures]. Management has set up a committee to perform an assessment of the possible impact of implementing SFRS(I) XXX. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new SFRS(I) XXX. [Or - Management plans to early adopt the new SFRS(I) XXX with effect from annual periods beginning Mm Dd, Yyyy.]

Guidance notes – Financial statements prepared in accordance with SFRS(I)s and International Financial Reporting Standards (IFRS Accounting Standards)

Entities that have elected to state simultaneous compliance with both SFRS(I)s issued by the ASC and IFRS Accounting Standards issued by the IASB in its financial statements should consider the difference in issue dates of new/amended Standards and Interpretations, and include the necessary disclosures where applicable.

Appendix A – Areas of financial statements disclosures affected by climate change

Areas of financial statements disclosures affected by climate change

Source

Climate Change

Risks and uncertainties arising from climate change or the transition to a lower carbon economy could affect the following areas of the financial statements.

Section	**Area**	**Commentary**
1. General information	Going concern assessment	SFRS(I) 1-1 requires disclosure of material uncertainties relating to events or conditions which may cast significant doubt upon an entity's ability to continue as a going concern, or of significant judgements made in concluding there are no material uncertainties related to the going concern assumption. Such uncertainties may arise from climate-related factors. For example, the introduction of legislation directly affecting an entity's business model, or giving rise to increased compliance costs, may cast significant uncertainty upon the entity's ability to continue as a going concern. Alternatively, management may have applied significant judgement about the effectiveness of the entity's planned response in concluding that there is no material uncertainty.
1.4. Critical accounting judgements and key sources of estimation uncertainty	Key judgements and estimates disclosures	SFRS(I) 1-1:125 requires companies to disclose information about the assumptions management has made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. If assumptions related to the impact of climate change or the transition to a lower carbon economy have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, then information about the assumptions should be disclosed in accordance with SFRS(I) 1-1:125. This includes longer-term assumptions which are at risk of significant revision within the next year. It may also be necessary to disclose other uncertainties that are not expected to cause a material adjustment within one year to enable a better understanding of the financial statements. Such disclosure should, however, be clearly separated from uncertainties that have

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
		a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year, per SFRS(I) 1-1:125.
		SFRS(I) 1-1:122 also requires disclosure of the judgements (apart from those involving estimations) that management has made that have the most significant effect on the amounts recognised in the financial statements. For example, a company operating in an industry particularly affected by climate-related matters might test an asset for impairment applying SFRS(I) 1-36 but recognise no impairment loss. That company would be required to disclose judgements management has made, for example, in identifying the asset's cash-generating unit if such judgements are among those that have the most significant effect on the amounts recognised in the company's financial statements. The transition to a low carbon economy will also give rise to new transactions for which significant judgements may be required in developing accounting policies. For example, 'green' bonds, carbon offsetting or emission trading schemes.
1.4. Critical accounting judgements and key sources of estimation uncertainty	Information that is relevant to understanding the financial statements	If users of the financial statements could reasonably expect that climate change-related risks will have significant impact on the company and this would qualitatively influence their decisions, then management should clearly disclose information about the climate change assumptions that they have made (if not disclosed elsewhere), including disclosures around the sensitivity of those assumptions. This is to enable users to understand the basis of forecasts on which the financial statements are prepared. This may mean that disclosure is provided even if the effects of climate change on the company may only be experienced in the medium to longer term.
3.5. Property, plant and equipment 3.6. Leases (group as a lessee)	Impairment of non-financial assets	Exposure to climate-related risks could be an indicator of impairment, for example, a significant decline in demand for products or services, or new regulations that have a negative impact on an entity. Such factors could also affect the estimated cash flows used in determining the recoverable amount of an asset or group of assets.

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
3.8. Goodwill 3.9. Other intangible assets 6.2. Associates 6.3. Joint venture		The impact of changing policies and technology as we shift to a low-carbon economy may lead to potential impact to cash flow forecasts used in impairments review. Climate-related risks can impact a value in use calculation in a number of ways, including: • Incorporation of expected changes in consumer behaviour and government action into estimates of future cash flows when they represent management's best estimate supported by appropriate evidence. • Incorporation of changes expected to occur beyond the period covered by financial budgets and forecasts via modification to the expected long-term growth rate. Such changes could arise in a variety of ways, for example from decreasing revenues as carbon-intensive production facilities are phased out or increased costs due to the introduction of government levies (cost of compliance), increased cost of resources, or rising cost of insurance. • Consideration of whether a planned restructuring or replacement of assets should be incorporated into forecast cash flows. • Future cash flow forecast incorporating different climate scenarios, for example, the varying degrees of change in temperature due to global warming may produce very different outcome. • Changes is forecast periods due to expected changes in policy. Scenario analysis is useful to understand the potential impact of different climate outcome. However, entities are to decide what is considered to be the most likely scenario, as this would form the basis of the cash flow forecasting. Disclosure of the key assumptions on which cash flow projections have been based and management's approach to determining the value assigned to these key assumptions is also required (particularly for goodwill or indefinite-life intangible assets), with information about how potentially significant effects of climate-related risks have been factored into recoverable amount calculations being relevant for the users of the financial statements.

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
		Sensitivity disclosures under SFRS(I) 1-36:134 should reflect all reasonably possible changes in the values assigned to key assumptions. Unlike SFRS(I) 1-1:125, this is not limited to changes within the next year and should address all reasonably possible changes over the period of the impairment assessment.
3.4. Inventories	Valuation of inventories	Climate-related matters may cause a company's inventories to become obsolete, their selling prices to decline or their costs of completion to increase. When estimating net realisable value, entities are required to consider all relevant facts and circumstances. Estimates of net realisable value could be materially affected by, for example, a regulatory change that renders inventories obsolete, a significant weather event that causes physical damage to inventories, a decrease in demand for an entity's goods resulting from changes in consumer behaviour or an increase in completion costs because of raw material sourcing constraints. If, as a result, the cost of inventories is not recoverable, SFRS(I) 1-2 requires the company to write down those inventories to their net realisable value. Estimates of net realisable value are based on the most reliable evidence available, at the time that estimates are made, of the amount the inventories are expected to realise.
3.5. Property, plant and equipment 3.6. Leases (group as a lessee) 3.9. Other intangible assets	Changes in the recognition, useful lives or residual value of assets	When climate-related risks are significant, concerns over viability could mean that the criterion (in SFRS(I) 1-16:7 for property, plant and equipment and SFRS(I) 1-38:21 for intangible assets) that costs are only recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the entity is not met. Climate-related risks could also affect the depreciation or amortisation of assets (through a change in their useful lives) or the recognition of those assets (whether expenses satisfy the definition of an asset when incurred). The estimated useful lives of assets could be affected by physical factors (for example, precipitation levels affecting the viability of agricultural operations) or by economic or legislative ones (for example, fossil fuel power generation equipment being taken out

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
		of use while still operational). Entities also should not assume availability to dispose the asset at the end of the useful lives at the current equivalent market prices. Therefore, entities should consider carefully the potential impact of climate change risk on existing estimates of asset useful lives and residual values. In either case, a change in the estimated useful life will be accounted for via a prospective change in the depreciation or amortisation rate and should be disclosed and explained. Adaption of an entity's business to address climate issues could also result in additional research and development activities, requiring disclosure and consideration of the criteria for capitalisation. In addition, intangible assets related to carbon offset schemes may need to be recognised.
3.12. Provisions 7.4. Contingent liabilities	Provisions, contingencies and onerous contracts	Climate-related risks could affect: • The recognition of provisions (if reductions in revenue or increases in cost mean that a customer contract becomes onerous, due to regulatory requirements to remediate environmental damage, restructurings or redesigning products or services to achieve climate-related targets). • The measurement of provisions (if regulatory changes or shortening of project lives affect the timing or amount of expenses of decommissioning assets or rehabilitating environmental damage). Cash flows and discount rates used in measuring provisions needs to take into account the risks and uncertainties of climate change and accompanying regulations. • The recognition of liabilities or disclosure of contingent liabilities for potential fines or penalties under environmental regulations or where litigation is brought by another interested party. This entails not only identifying new obligations, but also a reassessment of existing obligations and its probability for provisions and a shift from previously considered remote obligation becoming possible, that require disclosures.

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
		It should also be noted that liabilities under SFRS(I) 1-37 or levies accounted for under SFRS(I) INT 21 are recognised only when incurred under enacted legislation. In contrast, it is not necessary to wait for the enactment or substantive enactment of a change in environmental or other regulation before it is incorporated into a value in use calculation for the purposes of impairment testing. The consequences of such expected government action should be factored in when they reflect management's best estimate of future cash flows (based on reasonable and supportable assumptions). Major assumptions about future events must be disclosed, which may include an explanation of how climate-related risks have been factored into the best estimate of the provision. Information may also need to be included to help users understand the potential effect of changes in major assumptions used.
3.2. Trade and other receivables 3.3. Contract assets 4.3. Investments in financial assets	Impairment of financial assets	Application of the expected credit loss approach requires lenders to consider whether any actual or expected adverse changes in a borrower's regulatory, economic or technological environment have changed significantly the borrower's ability to meet its debt obligations (and, therefore, whether credit risk has increased significantly since initial recognition). Climate-related events, such as floods and hurricanes, can affect the creditworthiness of borrowers due to business interruption, impacts on economic strength, asset values and unemployment. In addition, borrowers' ability to pay debts might be diminished if they are in industries that have fallen out of favour and are therefore depressed. The impact on receivables in entities operating in non-financial industries is likely to be less severe because the economic conditions are less likely to change during the collection period of the debtors. However, where a significant climate-related event has occurred, the effect of this event on trade receivables at balance sheet date should be assessed.
4.1. Categories of financial instruments	Accounting for financial instruments	In making investment decisions, investors are increasingly demanding that businesses set climate targets which will directly affect the availability and cost of capital to companies.

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
		Innovative finance products such as green finance are emerging. For example, green bond interest rate favour green behaviour and green activities. Loan contracts might include terms linking contractual cash flows to a company's achievement of climate-related targets. Those targets may affect how the loan is classified and measured (i.e. the lender would need to consider those terms in assessing whether the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding). For the borrower, those targets may affect whether there are embedded derivatives that need to be separated from the host contract.
4.5. Financial risk management policies and objectives	Disclosure of market risks over financial assets	SFRS(I) 7 requires disclosure of an entity's exposure to market risks arising from financial instruments, its objectives in managing these risks and changes from the previous period. This could be relevant to entities (for example investment funds and insurance companies) holding investments in industries that may be affected by climate-related risk. Quantitative information, such as an analysis of investments by industry or sector, could specifically identify sectors exposed to climate-related risks and explain the company's policy of managing its exposure to those sectors. Disclosures of this nature could also be relevant as investors look to assess the strategies of large institutional investors from a sustainability point of view and for consistency with any commitments made to divert capital away from carbon intensive sectors.
3.5. Property, plant and equipment	Assets measured on	Fair valuation of assets applying the principles in SFRS(I) 13 is required for a broad range of assets which could be affected by either climate change or actions pursuant to the Paris Agreement

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
3.7. Investment property 4.2. Fair value of financial assets and financial liabilities	a fair value basis	and these factors could affect inputs into valuation models in a number of ways (adjustment to the cash flows or discount rate used in a discounted cash flow calculation, to prices when applying the market approach etc.). Equity premiums may change depending on the assumed future climate scenario and its impact on the underlying asset. Equity volatility may be affected by the uncertainty of climate change. When fair value, rather than value in use, is used in an impairment test under SFRS(I) 1-36, the prohibition on including the effects of future restructurings (SFRS(I) 1-36:44) does not apply. The effect of a restructuring is relevant to a fair value calculation if, and only if, a third party purchaser would factor that into the price they would be willing to pay for the asset (or cash-generating unit). The entity's own intentions are not directly relevant. The broad scope of SFRS(I) 13's requirements could also mean that the effects of climate risks on fair values becomes significant for entities whose own business might not be thought of as being directly affected by the more apparent physical and economic risks of climate change. For example, the plan assets of a defined benefit scheme and the investments held by an investment entity are required to be measured at fair value under SFRS(I) 13 and those values should reflect the risks (including climate) to which the underlying investee is exposed. Demographic assumptions and investment performance can vary under different climate scenarios.
2.6. Income tax	Recoverability of deferred tax assets	SFRS(I) 1-12 generally requires companies to recognise deferred tax assets for deductible temporary differences and unused tax losses and credits, to the extent it is probable that future taxable profit will be available against which those amounts can be utilised. Climate-related matters may affect a company's estimate of future taxable profits and may result in the company being unable to recognise deferred tax assets or being required to derecognise deferred tax assets previously recognised.

Areas of financial statements disclosures affected by climate change

Source

Section	**Area**	**Commentary**
		Assumptions underlying the forecast of future taxable profits that supports the recoverability of deferred tax assets should be consistent with assumptions underlying other profit forecasts used in the preparation of the financial statements or disclosed in the narrative reports.
2.6. Income tax 3.12. Provisions 7.4. Contingent liabilities	New levies or taxes	New levies or taxes may be introduced to encourage decarbonisation. Any levy liabilities should be recognised as the obligation is triggered under law (per SFRS(I) INT 21) and any income tax effects should be incorporated into normal SFRS(I) 1-12 accounting. Care should be taken when distinguishing between a levy and income tax and the application of SFRS(I) INT 21 or SFRS(I) 1-12 as this has proven to be a challenging area as new taxes/levies have been introduced in the past.
3.9. Other intangible assets	Carbon trading schemes	There are currently different acceptable approaches to account for carbon trading schemes. The accounting policy applied by the entity should be disclosed if this is relevant for users to understand the financial statements.
5.9. Share-based payments	Incentive schemes	Entities may introduce incentive schemes to incentivise management to decarbonise. Such schemes may either fall in the scope of SFRS(I) 1-19 or SFRS(I) 2 depending on the nature of the awards. Decarbonisation targets should be treated as any other uncertainties or actuarial assumptions for SFRS(I) 1-19 benefits, and as any other performance conditions for share-based payments under SFRS(I) 2.
2.1. Segment information 2.2. Revenue	Segmental and disaggregated revenue disclosures	SFRS(I) 8 requires disclosure of information about operating segments. Such information may only be aggregated when segments have similar economic characteristics and are similar in various other respects as set out in SFRS(I) 8:12. The anticipated impact of climate change is an indicator that segments may not have similar economic characteristics in the long term. SFRS(I) 15:114 requires revenue recognised from contracts with customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. This could include climate-related

Areas of financial statements disclosures affected by climate change

Source

Section	Area	Commentary
		factors which result in different categories of revenue being subject to substantially different risks or opportunities.
2.8. Profit for the year	Government grants	Governments may increasingly provide government grants and other forms of government assistance to entities to encourage the transition to a lower carbon economy in line with the government's commitments to reduce greenhouse gas emissions. SFRS(I) 1-20 prescribes the accounting for, and disclosure of, government grants and other forms of government assistance. Whether government grants which are intended to compensate entities for costs related to 'green' capital or operating expenditure are within the scope of SFRS(I) 1-20 and how such grants should be recognised in profit or loss on a systematic basis, will depend on the nature of the grants and the conditions attaching to them.

Climate-related risks can have a material impact on a company's business model, cash flow, financial position and financial performance. Thus, a company's financial statements is a key source of information for stakeholders to understand the financial impact of climate-related risks on the company. The financial statements also enable stakeholders to assess how the company is managing risks and their impact on the company's prospects.

Amid the sustainability push, companies are increasingly expected to disclose information about climate-related matters. Aimed at enhancing financial reporting quality, the Institute of Singapore Chartered Accountants (ISCA) issued Technical Bulletin 1: *Addressing Climate-Related Risks in Financial Statements and Audits of such Financial Statements* to raise awareness and facilitate the incorporation of climate-related risks in the preparation and audit of financial statements. It highlights how preparers can reflect climate-related risks in financial statements and comply with financial reporting standards.

The bulletin is applicable to entities with financial statements prepared in accordance with Singapore Financial Reporting Standards (International) or Financial Reporting Standards issued by ASC.