

## Update to Singapore Illustrative Financial Statements 2005 (IFS 2005)

### Index of revisions 17 February 2006

#### 1. *FRS issued but not yet effective*

AR-F13 is replaced and the disclosure note “*FRS yet to be adopted*” is moved to the new Note 37 on page AR-F69A. Explanatory Note 38 on page EN-F13 is replaced with a new Explanatory Note 151 on page EN-F69A.

#### 2. *Other revisions to IFS 2005*

Page	Details
AR-F5 to AR-F8	The total recognised income and expense for the period, previously omitted, is now included. This is a new disclosure item required by paragraph 96 (c) of FRS 1 <i>Presentation of Financial Statements</i> .
AR-F18	Derivative financial instruments are described as being measured initially at fair value, rather than at cost, as required by paragraph 43 of FRS 39 <i>Financial Instruments: Recognition and Measurement</i> .
AR-F19	The accounting policy on trade and other receivables is added.
AR-F21	Interest-bearing liabilities are described as being measured initially at fair value, rather than at cost, as required by FRS 39.43.
AR-F58	<p>The third paragraph is amended. On transition to FRS 39, when the hedge of a net investment in a foreign operation no longer meets the criteria for hedge accounting in the financial statements of the Company, the cumulative amount previously recognised in equity remains separately recognised in equity until the foreign operation is disposed.</p> <p>We had previously disclosed the impact on transition to FRS 39 by reclassifying \$2,000 in the opening balance of the Company’s currency translation reserve to the opening balance of the Company’s accumulated profits at 1 January 2005. This is not appropriate and we have now amended this note on page AR-F58 and the Company’s statement of changes in equity (see AR-F8) accordingly.</p>
A-56 (Directors’ Report)	<p>The nature of benefit received by directors is now disclosed under the “<i>Directors’ Interests</i>” section of the directors’ report.</p> <p>Where the directors receive remuneration from the company and that remuneration is not separately disclosed in the financial statements, the Directors’ Report should, as a minimum, disclose the nature of the benefits received so as to comply with Section 201(8) of the Companies Act. It is, however, not necessary to disclose the quantum of the benefits received in the directors’ report.</p>

**1.8(c)(ii) Consolidated Statement of Changes in Equity<sup>20</sup>**  
**Year ended 31 December 2005**

	Note	Share capital \$'000	Share premium \$'000	Currency translation reserve <sup>21</sup> \$'000	Hedging reserve \$'000	Fair value and revaluation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the parent \$'000	Minority interest \$'000	Total equity \$'000
<b>1.46(e) Group</b>											
<b>1.46(b)</b> At 1 January 2004		22,500	21,250	263	-	3,500	-	52,194	99,707	375	100,082
Effects of adopting FRS 102	28	-	-	-	-	-	88	(88)	-	-	-
At 1 January 2004, restated		22,500	21,250	263	-	3,500	88	52,106	99,707	375	100,082
<b>1.96(b)</b> Net surplus on revaluation		-	-	-	-	4,280	-	-	4,280	-	4,280
<b>1.96(b), 21.39(c)</b> Translation differences relating to financial statements of foreign subsidiaries		-	-	555	-	-	-	-	555	-	555
<b>1.96(b), 21.32</b> Exchange differences on monetary items forming part of net investment in a foreign operation		-	-	(48)	-	-	-	-	(48)	-	(48)
<b>1.96(b), 39.102</b> Exchange differences on hedge of net investment in a foreign operation	28	-	-	(8)	-	-	-	-	(8)	-	(8)
Net gains recognised directly in equity		-	-	499	-	4,280	-	-	4,779	-	4,779
<b>1.96(a)</b> Net profit for the year	28	-	-	-	-	-	-	24,539	24,539	42	24,581
<b>1.96(c)</b> Total recognised income and expense for the year		-	-	499	-	4,280	-	24,539	29,318	42	29,360
Value of employee services received for issue of share options		-	-	-	-	-	280 <sup>22</sup>	-	280	-	280
<b>1.97(a)</b> Final dividend paid of 1.23 cents per share less tax at 22%		-	-	-	-	-	-	(863)	(863)	-	(863)
At 31 December 2004		22,500	21,250	762	-	7,780	368	75,782	128,442	417	128,859

The accompanying notes form an integral part of these financial statements.

**1.8(c)(ii) Consolidated Statement of Changes in Equity<sup>20</sup>**  
**Year ended 31 December 2005**

	Note	Share capital \$'000	Share premium \$'000	Currency translation reserve <sup>21</sup> \$'000	Hedging reserve \$'000	Fair value and revaluation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of the parent \$'000	Minority interest \$'000	Total equity \$'000
<b>1.46(e) Group</b>											
At 31 December 2004, as previously reported		22,500	21,250	762	-	7,780	-	76,150	128,442	417	128,859
Effects of adopting FRS 102	28	-	-	-	-	-	368	(368)	-	-	-
At 31 December 2004, restated		22,500	21,250	762	-	7,780	368	75,782	128,442	417	128,859
Effects of adopting FRS 39	28	-	-	-	478	80	-	-	558	-	558
Effects of adopting FRS 103	28	-	-	-	-	-	-	80	80	-	80
At 1 January 2005, restated		22,500	21,250	762	478	7,860	368	75,862	129,080	417	129,497
<b>1.96(b) Net surplus on revaluation</b>	3, 5 & 9	-	-	-	-	11,792	-	-	11,792	-	11,792
<b>1.96(b), 21.39(c) Translation differences relating to financial statements of foreign subsidiaries</b>		-	-	355	-	-	-	-	355	-	355
<b>1.96(b), 21.32 Exchange differences on monetary items forming part of net investment in foreign operation</b>		-	-	53	-	-	-	-	53	-	53
<b>1.96(b), 39.102 Exchange differences on hedge of net investment in a foreign operation</b>	28	-	-	3	-	-	-	-	3	-	3
<b>32.59 Effective portion of changes in fair value of cash flow hedges</b>		-	-	-	(93)	-	-	-	(93)	-	(93)
<b>32.94(h) Change in fair value of equity securities available-for-sale</b>		-	-	-	-	95	-	-	95	-	95
Net gains/(losses) recognised directly in equity		-	-	411	(93)	11,887	-	-	12,205	-	12,205
<b>1.96(a) Net profit for the year</b>	28	-	-	-	-	-	-	24,358	24,358	104	24,462
<b>1.96(c) Total recognised income and expense for the year</b>		-	-	411	(93)	11,887	-	24,358	36,563	104	36,667
<b>1.97(a) Issue of bonus shares</b>	16	2,500	(2,500)	-	-	-	-	-	-	-	-
<b>1.97(a) Issue of shares under share option scheme</b>											
- Exercise price	16	300	306	-	-	-	-	-	606	-	606
- Value of employee services received		-	204	-	-	-	(204) <sup>22</sup>	-	-	-	-
Value of employee services received for issue of share options		-	-	-	-	-	203 <sup>22</sup>	-	203	-	203
<b>1.97(a) Final dividend paid of 1.21 cents less tax at 20%</b>		-	-	-	-	-	-	(871)	(871)	-	(871)
Interim dividend paid of 0.63 cents per share less tax at 20%		-	-	-	-	-	-	(510)	(510)	-	(510)
At 31 December 2005		25,300	19,260	1,173	385	19,747	367	98,839	165,071	521	165,592

The accompanying notes form an integral part of these financial statements.

1.8(c)(ii) **Statement of Changes in Equity**<sup>20, 23</sup>  
**Year ended 31 December 2005**

	Note	Share capital \$'000	Share premium \$'000	Currency translation reserve <sup>21</sup> \$'000	Hedging reserve \$'000	Fair value and revaluation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total \$'000
1.46(e) 1.46(b) <b>Company</b>									
At 1 January 2004		22,500	21,250	26	-	2,586	-	46,340	92,702
Effects of adopting FRS 21	28	-	-	(20)	-	-	-	20	-
Effects of adopting FRS 102	28	-	-	-	-	-	88	(88)	-
At 1 January 2004, restated		22,500	21,250	6	-	2,586	88	46,272	92,702
1.96(b) Net surplus on revaluation		-	-	-	-	2,246	-	-	2,246
1.96(b), 39.102 Exchange differences on hedge of net investment in a foreign operation	28	-	-	(8)	-	-	-	-	(8)
Net gains/(losses) recognised directly in equity		-	-	(8)	-	2,246	-	-	2,238
1.96(a) Net profit for the year	28	-	-	-	-	-	-	9,684	9,684
1.96(c) Total recognised income and expense for the year		-	-	(8)	-	2,246	-	9,684	11,922
Value of employee services received for issue of share options		-	-	-	-	-	280 <sup>22</sup>	-	280
1.97(a) Final dividend paid of 1.23 cents per share less tax at 22%		-	-	-	-	-	-	(863)	(863)
At 31 December 2004		22,500	21,250	(2)	-	4,832	368	55,093	104,041

The accompanying notes form an integral part of these financial statements.

1.8(c)(ii) **Statement of Changes in Equity<sup>20, 23</sup>**  
**Year ended 31 December 2005**

	Note	Share capital \$'000	Share premium \$'000	Currency translation reserve <sup>21</sup> \$'000	Hedging reserve \$'000	Fair value and revaluation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Company</b>									
At 31 December 2004, as previously reported		22,500	21,250	(30)	-	4,832	-	55,489	104,041
Effects of adopting FRS 21	28	-	-	28	-	-	-	(28)	-
Effects of adopting FRS 102	28	-	-	-	-	-	368	(368)	-
At 31 December 2004, restated		22,500	21,250	(2)	-	4,832	368	55,093	104,041
Effects of adopting FRS 39	28	-	-	-	478	80	-	-	558
At 1 January 2005, restated		22,500	21,250	(2)	478	4,912	368	55,091	104,599
Net surplus on revaluation	3, 5 & 9	-	-	-	-	6,500	-	-	6,500
Effective portion of changes in fair value of cash flow hedges		-	-	-	(93)	-	-	-	(93)
Change in fair value of equity securities available-for-sale		-	-	-	-	95	-	-	95
Net gains/(losses) recognised directly in equity		-	-	-	(93)	6,595	-	-	6,502
Net profit for the year	28	-	-	-	-	-	-	10,969	10,969
Total recognised income and expense for the year		-	-	-	(93)	6,595	-	10,969	17,471
Issue of bonus shares	16	2,500	(2,500)	-	-	-	-	-	-
Issue of shares under share option scheme									
- Exercise price	16	300	306	-	-	-	-	-	606
- Value of employee services received		-	204	-	-	-	(204) <sup>22</sup>	-	-
Value of employee services received for issue of share options		-	-	-	-	-	203 <sup>22</sup>	-	203
Final dividend paid of 1.21 cents less tax at 20%		-	-	-	-	-	-	(871)	(871)
Interim dividend paid of 0.63 cents per share less tax at 20%		-	-	-	-	-	-	(510)	(510)
At 31 December 2005		25,300	19,260	(2)	385	11,507	367	64,679	121,498

**The explanatory note below does not form part of the financial statements**

**Explanatory note: When consolidated financial statements are presented, there is no requirement to present the statement of changes in equity of the Company. Please refer to explanatory note 23 on page AR-F8.**

The accompanying notes form an integral part of these financial statements.

38.129, 38.132	FRS 38 (revised)	<i>Intangible Assets</i>
39.103	FRS 39	<i>Financial Instruments: Recognition and Measurement</i>
102.60	FRS 102	<i>Share-based Payment</i>
103.78, 103.85	FRS 103	<i>Business Combinations</i>
105.43, 105.44	FRS 105	<i>Non-current Assets Held for Sale and Discontinued Operations</i>

The effects of adopting the new/revised FRSs in 2005 are set out in note 28.

1.108(a)  
1.46(d)&(e) The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated.<sup>37</sup> They are prepared on the historical cost basis except that the following assets and liabilities are stated at fair value: certain property, plant and equipment, investment properties and certain financial assets and financial liabilities.

105.15 Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

1.113, 116 The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

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

Judgements made by management in the application of FRSs that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 35.

8-30 ***FRS yet to be adopted***

~~The Group has yet to adopt FRS 40 *Investment Property*, which will be effective from 1 January 2007. Under FRS 40, investment properties are permitted to be stated at either fair value or cost less accumulated depreciation. Investment properties held under operating leases are required to be measured at fair value. The Group expects to measure all its investment properties at fair value. As a result of adopting FRS 40, the Group expects to reclassify its revaluation reserve to accumulated profits at 1 January 2007. At this juncture, the impact of adoption cannot be reasonably determined as the Group is unable to estimate with reasonable accuracy the changes in fair value of the investment properties in the period to 1 January 2007.~~<sup>38</sup>

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## 2.8 Derivatives

<sup>32.56,</sup>  
<sup>32.60(b)</sup> Derivative financial instruments are used to manage exposures to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

<sup>39.43</sup>  
<sup>39.46, 39.47</sup> Derivative financial instruments are recognised initially at *fair value cost*. Subsequent to initial recognition, derivative financial instruments are *remeasured stated* at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged<sup>47</sup> as described in note 2.9.

<sup>32.92(a)</sup> The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.<sup>48</sup>

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## 2.9 Hedging<sup>49</sup>

### *Cash flow hedges*

<sup>39.95(a),</sup>  
<sup>39.97, 39.98,</sup>  
<sup>39.100</sup> Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.<sup>50</sup> If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the profit and loss account (i.e. when interest income or expense is recognised). For other cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects the profit and loss account. The ineffective part of any gain or loss is recognised immediately in the profit and loss account.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account.<sup>51</sup>

***Hedge of monetary assets and liabilities***

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the profit and loss account.

***Hedge of net investment in a foreign operation***

39.102(a) The gain or loss on a financial instrument used to hedge a net investment in a foreign operation is recognised in the Company's profit and loss account. On consolidation, only the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is reclassified to equity. This amount is recognised in the consolidated profit and loss account on disposal of the foreign operation.

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**2.10 Inventories**

***Electronic manufacturing***

2.9, 2.10  
2.36(a) Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

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***Properties under development***

2.9, 2.10 Properties under development are stated at specifically identified cost, including borrowing costs capitalised, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors. Properties held for sale are stated at the lower of cost and their estimated net realisable value.

1.110

***Construction contracts***

11.21

The accounting policy for contract revenue is set out in note 2.17 below. When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

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**2.10A Trade and other receivables**

32.60(b) Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

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**2.11 Cash and cash equivalents**

7.8, 7.46 Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

### Reversals of impairment

39.65, 39.69,  
39.70

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the profit and loss account. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss shall be reversed, with the amount of the reversal recognised in the profit and loss account.<sup>52</sup>

36.114  
36.124

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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## 2.13 Liabilities and interest-bearing liabilities

32.60(b)  
39.43, 47

Trade and other payables are recognised initially at fair value ~~stated at cost~~. Interest-bearing liabilities are recognised initially at fair value ~~cost~~ less attributable transaction costs.

Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.<sup>43, 54</sup>

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## 2.14 Employee benefits<sup>55</sup>

### Share-based payments

102.10

The share option programme allows the Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

### Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

**FRS 39 Financial Instruments: Recognition and Measurement**

The adoption of FRS 39 resulted in the Group measuring its derivative financial instruments, available for sale investments and trading investments as assets or liabilities at fair values. Financial assets and financial liabilities are stated at amortised cost instead of cost. Previously, derivative financial instruments were not recorded on the balance sheet and investments in debt and equity securities were stated at market value if they were held for short term purposes. Where a derivative or non-derivative financial instrument is an effective hedge in a cash flow hedge relationship, the change in fair value of the hedging instrument relating to the effective portion is recorded in equity.

8.28 The adoption of FRS 39 has also resulted in the Group recognising available-for-sale investments and all derivative financial instruments as assets or liabilities at fair value. This change has been accounted for by increasing the opening balance at 1 January 2005 of the fair value reserve by \$80,000 and the hedging reserve by \$478,000. Comparatives have not been restated.

39.102 In addition, with the adoption of FRS 39, exchange gain of \$3,000 arising from the hedge of net investment in a foreign operation, was taken to the Company's profit and loss account. The amount of \$3,000 representing the effective portion of the hedge of net investment was reclassified to equity in the Group's consolidated financial statements. In 2004, the exchange differences amounting to \$8,000 were taken to equity in the financial statements of the Company. As the hedge of the net investment in a foreign operation does not qualify for hedge accounting in the financial statements of the Company, the cumulative amount of \$2,000 recognised previously remains separately recognised in the Company's currency translation reserve on initial adoption of FRS 39 until the foreign operation is disposed of.  
~~This change has been accounted for by reclassifying a loss in the opening balance of the Company's currency translation reserve to the opening balance of the Company's accumulated profits at 1 January 2005 by \$2,000. Comparatives have not been restated.~~

**FRS 102 Share-based Payment**

In accordance with the transitional provisions, FRS 102 has been applied to all grants after 22 November 2002 that were not yet vested as at 1 January 2005. The adoption of FRS 102 has resulted in a change in the Group's accounting policy for share-based payments, whereby the Group charges the cost of share options to the profit and loss account.

8.28(f) The adoption of FRS 102 resulted in:

	Group and Company	
	2005	2004
	\$'000	\$'000
Decrease in opening accumulated profits	(368)	(88)
Increase in opening share option reserve	368	88
Increase in costs of goods sold	130	157
Increase in selling and marketing expenses	37	73
Increase in administrative expenses	36	50
	203	280
Decrease in basic earnings per share (cents)	(0.20)	(0.28)
Decrease in diluted earnings per share (cents)	(0.20)	(0.28)

## 37 FRS not yet Adopted<sup>151</sup>

8.30 The Group has not applied the following standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 *Investment Property*
- FRS 106 *Exploration for and Evaluation of Mineral Resources*
- Amendments to FRS 19 *Employee Benefits – Actuarial gains and losses, Group plans and Disclosures*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions*
- INT FRS 104 *Determining whether an Arrangement contains a Lease*
- INT FRS 105 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

The initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements, except for FRS 40 and INT-FRS 104.

Under FRS 40, investment properties are permitted to be stated at either fair value or cost less accumulated depreciation. Investment properties held under operating leases are required to be measured at its fair value. As a result of adopting FRS 40, the Group expects to reclassify its revaluation reserve to accumulated profits at 1 January 2007. At this juncture, the impact of adoption cannot be reasonably determined as the Group is unable to estimate with reasonable accuracy the changes in fair value of the investment properties in the period to 1 January 2007.

INT FRS 104 addresses arrangements that do not take the legal form of a lease, but convey rights to use items for agreed periods of time in return for a payment or series of payments. INT FRS 104 provides guidance for evaluating whether such arrangements are, or contain, leases should be accounted for under FRS 17 *Leases*. If an agreement is determined to contain a lease, then INT FRS 104 requires FRS 17 to be applied to classify and account for the lease. The Group is currently evaluating the impact the interpretation will have on the Group's financial statements.

The entity has not considered the impact of accounting standards issued after the balance sheet date.

Note	Reference	Explanatory note
37	21.53, 21.55, 21.57	<p>When the financial statements are presented in a currency different from the entity's functional currency, disclose that fact together with the functional currency, and the reason for using a different presentation currency.</p>
38	8.30	<p>When an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:</p> <ul style="list-style-type: none"> <li>■ this fact;</li> <li>■ known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.</li> </ul> <p>For the purpose of this publication, we are illustrating only one example on FRS 40 <i>Investment Property</i> as the other FRSs and INT-FRSs issued but not yet effective at the date of this publication, are not common.</p> <p>If the entity is adopting the cost approach, below is an illustrative example:</p> <p><b><i>“FRS not yet adopted</i></b></p> <p>The Group has yet to adopt FRS 40 <i>Investment Property</i>, which will be effective from 1 January 2007. Under FRS 40, investment properties are required to be stated at either fair value or cost less accumulated depreciation. The Group expects to carry all its investment properties at cost less accumulated depreciation. As a result of adopting FRS 40, the Group expects to eliminate the revaluation reserve against the carrying amount of the investment property as at 1 January 2007. Based only on investment properties held as at 31 December 2005, and assuming no disposals of these properties, the opening balance of accumulated profits at 1 January 2007 is expected to decrease by \$1.35 million, representing the depreciation expected to be charged since the date of acquisition to 1 January 2007.”</p>

**Note Reference Explanatory note**

<sup>151</sup> 8.30

When an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

- this fact;
- known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

*The entity only needs to disclose the impact if it is known or reasonably estimable.*

*This disclosure could be presented either under note 2.1 "Basis of preparation" or as the last note under "FRS not yet adopted".*

*FRS 8.30 does not explicitly state whether the cut-off for this disclosure should be the balance sheet date or the date of approval of the financial statements*

*In our view, the disclosure under FRS 8.30 should be as near as practicable to the date of approval of the financial statements. As the disclosure of impending accounting changes is necessary to inform readers about the expected impact on financial information to be reported in the future, impending accounting changes up to the date when the financial statements are authorised for issue should be disclosed as these could be material non-adjusting post-balance sheet events.*

*Where these standards have been announced during the financial year, there would normally be sufficient time for an entity to identify the impending changes and consider their likely impact. However, where such changes happen after the financial year-end, there might not be sufficient time to identify such changes and their impact by the time that the financial statements are finalised. Where such changes have not been identified up to the date of issue of the financial statements, care should be taken to ensure that this fact is suitably disclosed.*

If the entity is adopting the cost approach, below is an illustrative example:

**"FRS not yet adopted**

The Group has yet to adopt FRS 40 *Investment Property*, which will be effective from 1 January 2007. Under FRS 40, investment properties are required to be stated at either fair value or cost less accumulated depreciation. The Group expects to carry all its investment properties at cost less accumulated depreciation. As a result of adopting FRS 40, the Group expects to eliminate the revaluation reserve against the carrying amount of the investment property as at 1 January 2007. Based only on investment properties held as at 31 December 2005, and assuming no disposals of these properties, the opening balance of accumulated profits at 1 January 2007 is expected to decrease by \$1.35 million, representing the depreciation expected to be charged since the date of acquisition to 1 January 2007."

*S201(8)* Except as disclosed in this report and in notes 23 and 31 to the financial statements for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 23 and 31 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## Share Options

*SGX-ST 852* The Model Employee Share Option Scheme (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 April 2000. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Yeo Kuan Yee, Tan Chin Fong and Ms Catherine Sim.

Other information regarding the Scheme is set out below:

- S201(12)(b)*
  - The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.
- S201(11)(d)*
  - The options can be exercised 1 year after the grant for market price options and 2 years for discounted options. Further vesting period for the exercise of the options may be set.
  - All options are settled by physical delivery of shares.
- S201(11)(c)*
  - The options granted expire after 5 years for non-executive directors, associates' employees and 10 years for the employees of the Company and its subsidiaries.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of \$0.25 each of the Company are as follows:

Date of grant of options	Exercise price per share \$	Options outstanding at 1 January 2005	Options granted	Options exercised	Options forfeited/expired	Options outstanding at 31 December 2005	Number of option holders at 31 December 2005	Exercise period
01/08/2000	0.52	1,900,000	-	(800,000)	(200,000)	900,000	25	02/08/2001 to 01/08/2010
12/10/2000	0.50	100,000	-	-	(100,000)	-	-	13/10/2001 to 12/10/2005
21/03/2002	0.48	1,800,000	-	(400,000)	(200,000)	1,200,000	268	22/03/2004 to 21/03/2012
16/05/2003	0.53	2,000,000	-	-	-	2,000,000	88	17/05/2005 to 16/05/2013
20/03/2004	0.54	1,200,000	-	-	(50,000)	1,150,000	35	21/03/2005 to 20/03/2014
01/09/2005	0.62	-	1,500,000	-	-	1,500,000	43	02/09/2006 to 01/09/2015
		7,000,000	1,500,000	(1,200,000)	(550,000)	6,750,000		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.