



**Illustrative Financial Statements**  
2018

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# GAAP Singapore Ltd and its subsidiaries

(Registration No. 200001999A)

## Directors' statement and financial statements

Year ended December 31, 2018

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# 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 Financial Reporting Standards in Singapore ("FRS") for a number of years up to and including December 31, 2017.

In December 2017, the Accounting Standards Council (ASC) issued a new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)"), which is to be adopted by GAAP Singapore Ltd, for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

GAAP Singapore Ltd applied SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* in its first set of SFRS(I) financial statements for financial year ending December 31, 2018.

## Effective date

The illustrative financial statements include the disclosures required by the Singapore Companies Act, SGX-ST Listing Manual, and SFRS(I)s and SFRS(I) Interpretations ("SFRS(I) INTs") that are issued at the date of publication (September 30, 2018).

Standards issued, but not yet effective, as at December 31, 2018 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. 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 Singapore Companies Act, 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, and statement of cash flows, the various alternatives allowed under SFRS(I)s for those statements have been illustrated. Preparers of financial statements should select the alternatives most appropriate to their circumstances.

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 Singapore Companies Act, 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 Singapore Companies Act, 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:

Alt	Alternative
App	Appendix
CA	Singapore Companies Act
CCG	Code of Corporate Governance
FRS	Financial Reporting Standards in Singapore
IAS	International Accounting Standards
IFRIC	Interpretation of International Financial Reporting Standards
IFRS	International Financial Reporting Standards
INT FRS	Interpretation of Financial Reporting Standards
LM	Singapore Exchange Securities Trading (SGX-ST) Listing Manual
RAP Sch	Recommended Accounting Practice Schedule
SFRS(I)	Singapore Financial Reporting Standards (International)
SFRS(I) INT	Interpretation of Singapore Financial Reporting Standards (International)
SSA	Singapore Standards on Auditing

# Summary of key changes from the 2017 version of the Illustrative Financial Statements

On January 1, 2018, GAAP Singapore Ltd group adopted the new SFRS(I) framework for the first time for financial year ending December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* is applied in its first set of SFRS(I) financial statements.

As a first-time adopter, GAAP Singapore Ltd group is required to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes.

Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

These illustrative financial statements assume there is no change to the group's and the company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time. GAAP Singapore Ltd has elected to apply certain exemptions allowed under SFRS(I) 1. Details of first-time adoption of SFRS(I) are included in Note 58.

Note: A first-time adopter of SFRS(I) does not apply the SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimate and Errors* requirements to changes in accounting policies that occur when an entity first adopts SFRS(I).

The following is the list of SFRS(I)s which are identical to the new and revised IFRS pronouncements issued by the IASB that are mandatorily effective for the annual period beginning on or after January 1, 2018.

- SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Measuring investees at fair value through profit or loss on an investment-by-investment basis*
- SFRS(I) 1-40 *Investment Property: Transfers of Investment Property*
- SFRS(I) 2 *Share-based Payment: Classification and Measurement of Share-based Payment Transactions*
- SFRS(I) 4 *Insurance Contracts: Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

These illustrative financial statements assume there is no impact to the accounting policies, presentation and disclosures arising from the implementation of the above SFRS(I)s other than SFRS(I) 9 and SFRS(I) 15. GAAP Singapore Ltd group has not elected the exemptions under SFRS(I) 1 which are available for SFRS(I) 9 and SFRS(I) 15. Accordingly, the new requirements under SFRS(I) 9 and SFRS(I) 15 are applied retrospectively.

# Summary of key changes from the 2017 version of the Illustrative Financial Statements

## Application of SFRS(I) 9

- The accounting policies under SFRS(I) 9 are illustrated in Note 2.4.
- Reclassification of financial assets and financial liabilities into the SFRS(I) 9 categories has had no overall impact on their respective measurement bases. The only impact relates to the presentation of fair value changes on equity investments classified as fair value through other comprehensive income (FVTOCI) as 'amounts that will not be subsequently reclassified to profit or loss' whereas under FRS 39 they would be subsequently reclassified to profit or loss.
- Additional loss allowance is recognised for financial assets and other items within the impairment scope of SFRS(I) 9. Comparative figures have been restated accordingly. Enhanced disclosures have been made with respect to the overview of the group's exposure to credit risk and credit risk management. Refer to Notes 4(c)(iv), 4(c)(v), 8, 9, 11, 13 and 25 for further details.
- All existing hedging relationships are assumed to qualify as continuing hedging relationships and continue to be effective.
- The impact of SFRS(I) 9 on GAAP Singapore Ltd group is disclosed in Note 58.

## Application of SFRS(I) 15

- The accounting policies under SFRS(I) 15 are illustrated in Note 2.18.
- These illustrative financial statements include various amendments as a result of SFRS(I) 15 which are immaterial to users of the financial statements. In practice, entities may not want to restate for such amendments. However, they are included in these illustrative financial statements in order to illustrate how such amendments would be presented and also to highlight the potential impact on the financial statements of the application of SFRS(I) 15. The impact of SFRS(I) 15 on GAAP Singapore Ltd group is disclosed in Note 58.
- As a result of the adoption of SFRS(I) 15, the disclosures previously required under FRS 11 *Construction Contracts* included in Note 9 Amounts due from (to) contract customers in the 2017 Disclosures are no longer required. The balance previously included as an amount due from contract customers in Note 9 has been reclassified as a contract asset and Note 9 now contains the disclosures around contract asset balances that are required by SFRS(I) 15. The previous balance "amount due to contract customers" has been reclassified as a contract liability balance within a new contract liability note, Note 29. Contract costs has also been added in Note 10 to disclose costs to obtain construction contracts that meet the criteria for capitalisation in SFRS(I) 15, and which were previously expensed. A refund liability relating to customers' right to return products has been recognised and included in Note 30. Consequently, a right to returned goods asset representing the group's right to recover products from customers where customers exercise their right of return has also been recognised and included in Note 16.
- SFRS(I) 15.118 contains a requirement to explain the significant changes in the contract asset and contract liability balances during the reporting period. While there is no significant movement on these balances in the context of the illustrative financial statements, a guidance note has been included on this requirement.
- Contract asset arising from the application of SFRS(I) 15 is assessed for impairment in accordance with SFRS(I) 9. The impairment of contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of SFRS(I) 9.
- Enhanced disclosures have been made with respect to the disaggregation of the group's revenue. Refer to Note 42 for further details.

# Summary of key changes from the 2017 version of the Illustrative Financial Statements

## Guidance notes

1. Discussions about the application of SFRS(I) 9 and SFRS(I) 15 are ongoing. Market practice has yet to be developed and will no doubt evolve over time. Depending on the specific facts and circumstances of each entity, the nature and extent of the disclosures will vary from those presented in these illustrative financial statements, which were created based on a set of presumed facts applicable to GAAP Singapore Ltd group for illustrative purposes.
2. SFRS(I) 1.E1 provides exemption from the requirement to restate comparative information for SFRS(I) 9 (including disclosures in SFRS(I) 7 *Financial Instruments: Disclosures*, to the extent that the disclosures relate to SFRS(I) 9) in the first set of SFRS(I) financial statements.

If an entity chooses to apply the exemption and hence does not restate comparative information in the year of the initial application, the following points are relevant:

- Comparative information for prior periods will not be restated. The classification and measurement requirements previously applied in accordance with FRS 39 and disclosures made in accordance with FRS 107 will be retained.
- The entity should disclose accounting policies for both periods: one applying SFRS(I) 9 (current period) and another for applying FRS 39 (prior periods).
- Any difference between the previous carrying amounts and the carrying amounts at the beginning of the annual reporting period that includes the date of initial application will be recognised in the opening retained earnings (or other component of equity, as appropriate).
- The statement of financial position as at the beginning of the earliest comparative period would not be restated for the effects of SFRS(I) 9.

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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, 2018.<sup>(1)</sup>

CA Sch(12)  
CA Sch(12)(1)(a)  
CA Sch(12)(1)(b) In the opinion of the directors<sup>(2)</sup>, 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 17 to 227 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, 2018, 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<sup>(3)</sup>**

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, 2018)
Ooi Puay Quan	(Appointed on September 7, 2018)
Raymond See Teoh Ung	(Appointed on November 6, 2018)
Vanessa Wong Xiao Ying	(Alternate to Ang Boey Chwee and appointed on January 3, 2018)

CA Sch(12)(8)(a) **2 Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures**

CA Sch(12)(8)(b)

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<sup>(4)</sup>

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

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
<u>GAAP Singapore Ltd</u> (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	-	-
<u>GAAP Holdings Ltd</u> (Ordinary shares)				
Ang Boey Chwee	10,000	10,000	-	-
<u>GAAP Pacific Inc.</u> (Ordinary shares)				
Raymond See Teoh Ung	1,000	1,000	-	-

CA 7  
CA 164

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

LM 1207(7)

The directors' interests in the shares and options of the company at January 21, 2019 were the same at December 31, 2018.

# Directors' statement

## Source

### GAAP Singapore Ltd and its subsidiaries Directors' statement

CA Sch(12)(4)

#### 4 Share options<sup>(5)</sup>

##### (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, 2012.

LM 852(1)(a)

The scheme is administered by the Remuneration and Share Options Committee whose members are:

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

LM 849

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

CA 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 Options Committee may at its discretion fix the exercise price at a discount not exceeding 20 percent to the above price. No options have been granted at a discount.

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, 2018	Granted	Exercised	Cancelled/ Lapsed	Outstanding at December 31, 2018	Exercise price per share	Exercisable period
July 1, 2015	2,500,000	-	(650,000)	(61,000)	1,789,000	\$4.45	July 1, 2017 to June 30, 2019
June 30, 2017	1,000,000	-	-	-	1,000,000	\$4.22	July 1, 2019 to June 30, 2021
December 31, 2017	1,000,000	-	-	-	1,000,000	\$4.22	January 1, 2020 to December 31, 2022
March 31, 2018	-	250,000	-	-	250,000	\$4.85	April 1, 2020 to March 31, 2022
June 30, 2018	-	1,150,000	-	-	1,150,000	\$4.35	July 1, 2020 to June 30, 2022
October 31, 2018	-	300,000	-	-	300,000	\$4.84	November 1, 2020 to October 31, 2022
Total	4,500,000	1,700,000	(650,000)	(61,000)	5,489,000		

# Directors' statement

## Source

### GAAP Singapore Ltd and its subsidiaries Directors' statement

- CA Sch(12)(3) Particulars of the options granted in 2015 and 2017 under the Scheme were set out in the Directors' statement for the financial year ended December 31, 2015 and December 31, 2017 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).
- 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<sup>(6)</sup>

- 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<sup>(7)</sup>

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

CA 201(16)

On behalf of the directors<sup>(8)</sup>

Ang Boey Chwee

Desmond Ee Fong Guan

March 15, 2019

# 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)(8)(a)

CA Sch(12)(8)(b)

CA Sch(12)(4)

#### 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 Singapore Companies Act. Directors' interests in rights or share options are also to be disclosed accordingly.

If a director resigns after the end of the financial year but before the date of the 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 Singapore Companies Act in relation to a director who is also a director of that other company if the particulars required by this section to be shown in the register of the company 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 Singapore Companies Act 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 Singapore Companies Act relate to options granted by the company. Where any of the disclosures have been made in a previous report, the company need only make reference to that report.

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

- (a) The number and class of shares in respect of which the option has been granted;
- (b) The date of expiration of the option;
- (c) The basis upon which the option may be exercised; and
- (d) Whether the person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

CA 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.*

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

CA Sch(12)(6)

#### *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.*

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

## Deloitte.

SSA 700R(21) **Independent Auditor's Report to the members<sup>(1)</sup> of GAAP Singapore Ltd**

**Report on the Audit of the Financial Statements<sup>(2)</sup>**

SSA 700R(23) **Opinion<sup>(3)(4)</sup>**

SSA 700R(24-27) We have audited the accompanying 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, 2018, 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 a summary of significant accounting policies, as set out on pages 17 to 227.

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, Chapter 50 (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, 2018 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<sup>(5)</sup>**

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.

SSA 700R(30-31) **Key Audit Matters<sup>(7)</sup>**

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
<i>Description of key audit matter shall</i> <ul style="list-style-type: none"><li>include a reference to the related disclosure(s), if any, in the financial statements; and</li><li>why the matter was considered to be one of the most significance in the audit and therefore determined to be a key audit matter.</li></ul>	<i>To describe how the key audit matter was addressed in the audit.</i>

# Independent auditor's report

## Source

SSA 700R(21) **Independent Auditor's Report to the members<sup>(1)</sup> of GAAP Singapore Ltd**

SSA 700R(32) **Information Other than the Financial Statements and Auditor's Report Thereon<sup>(8)</sup>**

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 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 disclosures.]*

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.

SSA 700R(37) **Auditor's Responsibilities for the Audit of the Financial Statements**

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.
- (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.

# Independent auditor's report

## Source

SSA 700R(21)

### Independent Auditor's Report to the members<sup>(1)</sup> of GAAP Singapore Ltd

(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.

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.

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.

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.

### Report on Other Legal and Regulatory Requirements

CA 207(2)(b)

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]<sup>(9)</sup>.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore<sup>(10)</sup>

March 15, 2019<sup>(11)</sup>

# Independent auditor's report

## Source

SSA 700R(22)

### Guidance notes – Independent auditor's report

#### 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 the members of the company.

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 IFRSs

An entity applying SFRS(I)s may elect to state simultaneous compliance with both SFRS(I)s and IFRSs issued by the International Accounting Standards Board (IASB) in its financial statements.

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

#### Opinion

*We have audited the accompanying 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, 2018, 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 a summary of significant accounting policies, 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, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) 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, 2018 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

### Option 2: Presentation of the audit opinions separately

#### **Opinion**

*We have audited the accompanying 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, 2018, 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 a summary of significant accounting policies, 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, Chapter 50 (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, 2018 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**

*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 (IFRSs).*

*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, 2018 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 IFRSs.*

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 IFRSs, 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

### 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 accompanying 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, 2018, 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 a summary of significant accounting policies, 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, Chapter 50 (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, 2018 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. First year engagements

For first year engagements, the following shall be added after the Basis for Opinion paragraph of the independent auditor's report if the financial statements for the preceding year had an unmodified opinion issued by the predecessor auditors:

#### Other Matters

*The financial statements of the company for the year ended December 31, 2017 were audited by another auditor (or firm of auditors) who expressed an unmodified opinion on those financial statements in their report dated Mm, Dd, Yyyy.*

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

*The financial statements of the company for the year ended December 31, 2017 were audited by another auditor (or firm of auditors) whose report dated Mm, Dd, Yyyy expressed a qualified opinion on those financial statements as follows:*

<<Quote modification by predecessor auditors>>

### 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, a separate section is required if adequate disclosure about the material uncertainty is made in the financial statements. This section should be included immediately before the section of Key Audit Matters.

### 6b. "Close call" related to going concern

When there are events or conditions identified that may cast significant doubt on the 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 710(17)  
Illustration 3

SSA 710(17)

SSA 570R(22)

SSA 570R(20)  
SSA 570R(A24)  
SSA 570R(A25)  
SSA 701(A41)

# Independent auditor's report

## Source

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, there may be no other matters identified as key audit matters, 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 or Material Uncertainty Related to Going Concern section, we have determined that there are no (other) key audit matters to communicate in our report.*

SSA 705R(29)

When a disclaimer 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).

SSA 720R

### **8. Information other than the financial statements and auditor's report thereon**

A more specific description of the other information obtained or expected to obtain, such as "Chairman's statement, Operating and financial review reports" shall be disclosed in the independent auditor's report. Illustrative disclosures depending on the circumstances are provided below.

SSA 720R  
Illustration 1

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:

*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.*



# Independent auditor's report

## Source

SSA 720R  
Illustration 2  
Illustration 3

For an independent auditor's report of a Singapore incorporated company 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:

*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 those charged with governance and take appropriate actions in accordance with SSAs. (Note: Remove this paragraph if the company is not a listed company.)*

SSA 720R  
Illustration 4

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:

*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 those charged with governance and take appropriate actions in accordance with SSAs.*

SSA 720R  
Illustration 5

NOTE: When a material misstatement of the other information exists, the Other Information section including the description of material misstatement of the other information shall be included immediately after the Basis for Opinion paragraph.

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.

# Independent auditor's report

## Source

SSA 700R(46)

### **9. 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)

### **10. 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)

### **11. 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.

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.

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.

### **12. 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.

# Statements of financial position

## Source

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

SFRS(I) 1-1.10(a),(ea) **Statements of financial position<sup>(8)</sup>**

SFRS(I) 1-1.51(b),(c) **December 31, 2018**

LM 1207(5)(a),(b)

CA 201(5)(a),(b)

SFRS(I)	1.21		Note	Group			Company		
				December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		<b>Assets</b>		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		<b>Current assets</b>							
SFRS(I) 1-1.60		Cash and cash equivalents	7	10,759	1,175	2,374	2,074	647	282
SFRS(I) 1-1.66(d)		Trade and other receivables	8	113,262	109,729	77,583	89,371	55,895	53,696
SFRS(I) 1-1.54(i)		Contract assets <sup>(7)</sup>	9	14,610	13,898	12,053	-	-	-
SFRS(I) 1-1.66(a),(c)		Contract costs <sup>(7)</sup>	10	149	135	110	-	-	-
SFRS(I) 1-1.54(h)		Finance lease receivables	11	24,713	19,674	10,474	-	-	-
SFRS(I) 15.105		Financial assets at fair value through profit or loss <sup>(6)</sup>	12	11,988	11,125	4,254	-	-	-
SFRS(I) 15.91		Other financial assets at amortised cost <sup>(6)</sup>	13	25,255	18,605	18,577	-	-	-
SFRS(I) 1-1.55		Derivative financial instruments <sup>(6)</sup>	14	2,436	2,938	1,433	-	-	-
SFRS(I) 1-1.66(a),(c)		Inventories	15	116,962	107,920	77,992	-	-	-
SFRS(I) 1-1.54(g)		Right to returned goods asset <sup>(7)</sup>	16	626	672	604	-	-	-
SFRS(I) 15.B21				320,760	285,871	205,454	91,445	56,542	53,978
SFRS(I) 1-1.66(c)		Assets classified as held for sale	17	1,922	-	-	-	-	-
SFRS(I) 1-1.54(j)									
		<b>Total current assets</b>		<b>322,682</b>	<b>285,871</b>	<b>205,454</b>	<b>91,445</b>	<b>56,542</b>	<b>53,978</b>
		<b>Non-current assets</b>							
SFRS(I) 1-1.60		Property, plant and equipment	18	657,905	566,842	559,739	-	-	-
SFRS(I) 1-1.54(a)		Investment property	19	12,000	11,409	11,299	-	-	-
SFRS(I) 1-1.54(b)		Goodwill	20	4,038	2,538	2,754	-	-	-
SFRS(I) 1-1.55		Other intangible assets	21	26,985	21,294	3,523	-	-	-
SFRS(I) 1-1.54(c)		Subsidiaries <sup>(1)</sup>	22	-	-	-	111,650	110,000	110,000
SFRS(I) 1-1.55		Associates <sup>(3)</sup>	23	45,060	12,274	10,999	-	-	-
SFRS(I) 1-1.54(e)		Joint venture <sup>(3)</sup>	24	3,946	3,662	3,420	-	-	-
SFRS(I) 1-1.54(e)		Financial assets at fair value through other comprehensive income <sup>(6)</sup>	25	23,385	23,215	23,064	-	-	-
SFRS(I) 1-1.55		Financial assets at fair value through profit or loss <sup>(6)</sup>	12	1,018	1,000	975	-	-	-
SFRS(I) 1-1.55		Other financial assets at amortised cost <sup>(6)</sup>	13	2,293	2,694	2,669	-	-	-
SFRS(I) 1-1.55		Derivative financial instruments <sup>(6)</sup>	14	2,602	-	-	-	-	-
SFRS(I) 1-1.55		Finance lease receivables	11	51,784	44,489	42,489	-	-	-
SFRS(I) 1-1.54(o)		Deferred tax assets	26	2,884	3,291	2,856	-	-	-
SFRS(I) 1-1.56									
		<b>Total non-current assets</b>		<b>833,900</b>	<b>692,708</b>	<b>663,787</b>	<b>111,650</b>	<b>110,000</b>	<b>110,000</b>
		<b>Total assets</b>		<b>1,156,582</b>	<b>978,579</b>	<b>869,241</b>	<b>203,095</b>	<b>166,542</b>	<b>163,978</b>

# Statements of financial position

## Source

SFRS(I) 1.21 SFRS(I) 1-1.38 SFRS(I) 1-1.113 SFRS(I) 1-1.51(d),(e)	Liabilities and Equity	Note	Group			Company		
			December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
SFRS(I) 1-1.60	<b>Current liabilities</b>							
SFRS(I) 1-1.55	Bank overdrafts and loans	27	94,307	78,686	29,999	-	-	-
SFRS(I) 1-1.54(k)	Trade and other payables	28	185,131	128,480	106,162	7,065	7,586	10,061
SFRS(I) 15.105	Contract liabilities <sup>(7)</sup>	29	6,215	6,793	6,357	-	-	-
SFRS(I) 15.B21	Refund liabilities <sup>(7)</sup>	30	1,083	1,139	1,012	-	-	-
SFRS(I) 1-1.55	Finance leases	31	1,470	1,483	1,982	-	-	-
SFRS(I) 1-1.55	Derivative financial instruments <sup>(6)</sup>	14	273	-	-	-	-	-
SFRS(I) 1-1.54(l)	Provisions	32	6,432	2,065	4,385	-	-	-
SFRS(I) 1-1.54(n)	Income tax payable		8,269	1,986	583	-	-	-
			303,180	220,632	150,480	7,065	7,586	10,061
SFRS(I) 1-1.54(p)	Liabilities directly associated with assets classified as held for sale	17	247	-	-	-	-	-
	Total current liabilities		303,427	220,632	150,480	7,065	7,586	10,061
SFRS(I) 1-1.60	<b>Non-current liabilities</b>							
SFRS(I) 1-1.55	Bank loans	27	266,445	358,617	325,220	-	-	-
SFRS(I) 1-1.55	Convertible loan notes	33	24,327	-	-	24,327	-	-
SFRS(I) 1-1.54(k)	Other payables	28	75	-	-	-	-	-
SFRS(I) 15.105	Contract liabilities <sup>(7)</sup>	29	2,854	1,798	1,857	-	-	-
SFRS(I) 1-1.55	Finance leases	31	923	1,244	1,244	-	-	-
SFRS(I) 1-1.54(l)	Provisions	32	2,118	-	-	-	-	-
SFRS(I) 1-1.55	Retirement benefit obligations	34	33,928	38,474	49,805	-	-	-
SFRS(I) 1-1.55	Share-based payments	35	6,680	3,516	-	6,680	3,516	-
SFRS(I) 1-1.54(o)	Deferred tax liabilities	26	13,173	5,772	4,350	117	-	-
SFRS(I) 1-1.56								
	Total non-current liabilities		350,523	409,421	382,476	31,124	3,516	-
SFRS(I) 1-1.54(r)	<b>Capital, reserves and non-controlling interests</b>							
SFRS(I) 1-1.78(e)	Share capital	36	158,098	152,098	152,098	158,098	152,098	152,098
SFRS(I) 1-1.55	Treasury shares	37	(500)	-	-	(500)	-	-
SFRS(I) 1-1.55	Capital reserves	38	4,633	1,202	-	4,883	1,202	-
SFRS(I) 1-1.55	Revaluation reserves	39	85,598	35,941	38,409	-	-	-
SFRS(I) 1-1.55	Hedging and translation reserves	40	(2,109)	(1,492)	(2,808)	-	-	-
SFRS(I) 1-1.55	Retained earnings		252,327	158,201	146,107	2,425	2,140	1,819
SFRS(I) 1-1.54(q)	Equity attributable to owners of the company		498,047	345,950	333,806	164,906	155,440	153,917
SFRS(I) 1-1.54(q)	Non-controlling interests		4,585	2,576	2,479	-	-	-
	Total equity		502,632	348,526	336,285	164,906	155,440	153,917
	<b>Total liabilities and equity</b>		1,156,582	978,579	869,241	203,095	166,542	163,978

See accompanying notes to financial statements.

# Statements of financial position

## Source

SFRS(I) 10.4(a)  
CA 201(5)(a),(b)

### Guidance notes – Statements of financial position

#### 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 on the summary of significant accounting policies:

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.*

#### 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 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 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.

# Statements of financial position

## Source

SFRS(I) 1-28.17  
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 all met:

SFRS(I) 1-28.20

(a) The investment is classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* 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 are designated as at fair value through profit or loss or are classified as held for trading and accounted for 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.

SFRS(I) 1.21

### 4. Comparative information in the first SFRS(I) financial statements

SFRS(I) 1.21 requires that an entity's first SFRS(I) financial statements include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss and other comprehensive income, two statements of cash flows, and two statements of changes in equity and related notes, including comparative information for all statements presented.

SFRS(I) 1-1.40A

### 5. Restatements and reclassifications (other than arising from first-time adoption)

SFRS(I) 1-1.40A states that when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, it shall present, as a minimum, three statements of financial position, two of each of the other statements, and related notes.

SFRS(I) 1-1.40A-40D

SFRS(I) 1-1 *Presentation of Financial Statements* provides guidance on when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes should be presented in the financial statements. An entity is required to present a 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.

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 60 for a sample disclosure format as required by SFRS(I) 1-1.41).

# Statements of financial position

## Source

### 6. 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 SFRS(I) 7.8 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 respectively as illustrated in these illustrative financial statements.

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.

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(a)]:

- (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) 15.105

### **7. Assets and liabilities arising from contracts with customers**

SFRS(I) 15.105 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 disclosed separately here for illustrative purposes (ignoring the size of the balances involved).

As a result of the adoption of SFRS(I) 15, the disclosures previously required under FRS 11 *Construction Contracts* included in Note 9 Amounts due from (to) contract customers in the 2017 Disclosures are no longer required. The balance previously included as an amount due from contract customers in Note 9 has been reclassified as a contract asset and Note 9 now contains the disclosures around contract asset balances that are required by SFRS(I) 15. The previous balance "amount due to contract customers" has been reclassified as a contract liability balance within a new contract liability note, Note 29.

Contract costs has been added as a line item for costs to obtain construction contracts that meet the criteria for capitalisation in SFRS(I) 15.

A refund asset relating to customers' right to return products has been presented as a separate line item, "Right to returned goods asset". In many cases, entities may conclude that it is not necessary to present this balance separately from inventories. In such a case, separate disclosure of this balance should be made in the notes to the financial statements. A refund liability is presented relating to those products expected to be returned.

### **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.



# Consolidated statement of profit or loss and other comprehensive income

## Source

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

SFRS(I) 1-1.10(b) **Consolidated statement of profit or loss and other comprehensive income<sup>(12)</sup>**  
 SFRS(I) 1-1.51(b),(c) **Year ended December 31, 2018**  
 LM 1207(5)(a)  
 CA 201(5)(a)

SFRS(I) 1.21 SFRS(I) 1-1.113 SFRS(I) 1-1.51(d),(e)		Note	Group	
			2018 \$'000	2017 \$'000
	<b>Continuing operations</b>			
SFRS(I) 1-1.82(a) SFRS(I) 15.2 SFRS(I) 15.113(a)	Revenue	42	1,064,660	728,250
SFRS(I) 1-1.85	Other operating income		9,892	6,745
SFRS(I) 1-1.99	Changes in inventories of finished goods and work in progress <sup>(2)</sup>		5,089	7,589
SFRS(I) 1-1.99	Raw materials and consumables used <sup>(2)</sup>		(668,794)	(465,961)
SFRS(I) 1-1.99	Employee benefits expense <sup>(2)</sup>	49	(220,299)	(188,809)
SFRS(I) 1-1.99	Depreciation and amortisation expense <sup>(2)</sup>	49	(35,365)	(17,238)
SFRS(I) 1-1.99	Other operating expenses <sup>(2)</sup>		(23,417)	(29,561)
SFRS(I) 1-1.82(c)	Share of profit of associates and joint venture		1,270	1,517
SFRS(I) 1-1.85	Investment revenue	44	4,012	2,270
SFRS(I) 1-1.85	Other gains and losses <sup>(9)</sup>	45	120	(171)
SFRS(I) 1-1.82(aa)	Net gain (loss) from the derecognition of financial assets measured at amortised cost		-	-
SFRS(I) 1-1.82(ca)	Net gain (loss) on reclassification of financial assets from amortised cost to FVTPL		-	-
SFRS(I) 1-1.82(cb)	Net gain (loss) on reclassification of financial assets from FVTOCI to FVTPL		-	-
SFRS(I) 1-1.82(ba)	Impairment loss recognised on financial assets	49	(33)	(253)
SFRS(I) 1-1.82(b)	Finance costs	46	(31,870)	(24,508)
SFRS(I) 1-1.85	Profit before tax		105,265	19,870
SFRS(I) 1-1.82(d)	Income tax expense	47	(16,166)	(3,810)
SFRS(I) 1-1.85	Profit for the year from continuing operations		89,099	16,060
	<b>Discontinued operation<sup>(5)</sup></b>			
SFRS(I) 1-1.82(ea) SFRS(I) 5.33(a)	Profit for the year from discontinued operation	48	10,676	4,171
SFRS(I) 1-1.81A(a)	<b>Profit for the year</b>	49	99,775	20,231

# Consolidated statement of profit or loss and other comprehensive income

## Source

SFRS(I) 1.21 SFRS(I) 1-1.113 SFRS(I) 1-1.51(d),(e) SFRS(I) 1-1.91(b)		Note	Group	
			2018 \$'000	2017 \$'000
	<b>Other comprehensive income<sup>(3)(4)(11)</sup></b>			
SFRS(I) 1-1.82A(a),(b)	<i>Items that will not be reclassified subsequently to profit or loss</i>			
SFRS(I) 9.B5.7.1	Net fair value gain on investments in equity instruments designated as at FVTOCI	41	46	47
SFRS(I) 9.B5.7.9	Net fair value gain on financial liabilities designated as at FVTPL attributable to changes in credit risk	41	-	-
	Gain (Loss) on revaluation of property	41	53,283	(2,845)
	Remeasurement of defined benefit obligation	34	-	-
	Net fair value gain on hedging instruments entered into for cash flow hedges subject to basis adjustment	41	-	-
	Share of other comprehensive income of associates and joint venture	41	-	-
SFRS(I) 1-1.91(b)	Income tax relating to component of other comprehensive income that will not be reclassified subsequently	41	(3,692)	320
			<u>49,637</u>	<u>(2,478)</u>
SFRS(I) 1-1.82A(a),(b)	<i>Items that may be reclassified subsequently to profit or loss</i>			
SFRS(I) 9.5.7.10	Net fair value gain on investments in debt instruments measured at FVTOCI	41	20	10
	Net fair value gain on hedging instruments entered into for cash flow hedges not subject to basis adjustment	41	1,076	586
	Exchange differences on translation of foreign operations	41	(1,693)	730
	Share of other comprehensive income of associates and joint venture	41	-	-
SFRS(I) 1-1.91(b)	Income tax relating to component of other comprehensive income that may be reclassified subsequently	47	-	-
			<u>(597)</u>	<u>1,326</u>
SFRS(I) 1-1.81A(b)	<b>Other comprehensive income for the year, net of tax</b>		<u>49,040</u>	<u>(1,152)</u>
SFRS(I) 1-1.81A(c)	<b>Total comprehensive income for the year</b>		<u>148,815</u>	<u>19,079</u>

# Consolidated statement of profit or loss and other comprehensive income

## Source

SFRS(I) 1.21  
SFRS(I) 1-1.113  
SFRS(I) 1-1.51(d),(e)

		Group	
	Note	2018	2017
		\$'000	\$'000
<b>Profit attributable to:</b>			
SFRS(I) 1-1.81B(a)(ii)	Owners of the company	99,166	20,134
SFRS(I) 1-1.81B(a)(i)	Non-controlling interests	609	97
		<u>99,775</u>	<u>20,231</u>
<b>Total comprehensive income attributable to:</b>			
SFRS(I) 1-1.81B(b)(ii)	Owners of the company	148,206	18,982
SFRS(I) 1-1.81B(b)(i)	Non-controlling interests	609	97
		<u>148,815</u>	<u>19,079</u>
<b>Earnings per share<sup>(6)</sup></b>			
			51
From continuing and discontinued operations:			
SFRS(I) 1-33.66	Basic	<u>82.1 cents</u>	<u>16.8 cents</u>
SFRS(I) 1-33.66	Diluted	<u>59.4 cents</u>	<u>16.5 cents</u>
From continuing operations:			
SFRS(I) 1-33.66	Basic	<u>73.2 cents</u>	<u>13.3 cents</u>
SFRS(I) 1-33.66	Diluted	<u>53.1 cents</u>	<u>13.1 cents</u>

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

An entity may use titles for the statements other than those used in SFRS(I) 1-1. For example, an entity may use the title “statement of comprehensive income” instead of “statement of profit or loss and other comprehensive income”.

#### One statement vs. two statements

SFRS(I) 1-1 provides the option to present profit or loss and other comprehensive income (OCI) in either a single statement or in two separate but consecutive statements. Alt 1 above illustrates the presentation of profit or loss and OCI in one statement. Alt 2 (see the following pages) illustrates the presentation of profit or loss and OCI 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.

#### OCI: items that may or may not be reclassified

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.

#### Presentation of information

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 other comprehensive income when such presentation is relevant to an understanding of the entity’s financial performance. Additional guidance is provided below:
SFRS(I) 1-1.85A	When a company presents subtotals in accordance with SFRS(I) 1-1.85, those subtotals shall: <ul style="list-style-type: none"> <li>(a) be comprised of line items made up of amounts recognised and measured in accordance with SFRS(I);</li> <li>(b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;</li> <li>(c) be consistent from period to period, in accordance with SFRS(I) 1-1.45; and</li> <li>(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.</li> </ul>
SFRS(I) 1-1.85B	A company shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with SFRS(I) 1-1.85 with the subtotals or totals required in SFRS(I).

# Consolidated statement of profit or loss

## Source

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

SFRS(I) 1-1.10(b) **Consolidated statement of profit or loss**  
 SFRS(I) 1-1.51(b),(c) **Year ended December 31, 2018**  
 LM 1207(5)(a)  
 CA 201(5)(a)

		<u>Group</u>		
	Note	2018	2017	
		\$'000	\$'000	
<b>Continuing operations</b>				
SFRS(I) 1-1.82(a) SFRS(I) 15.2 SFRS(I) 15.113(a)	Revenue	42	1,064,660	728,250
SFRS(I) 1-1.85	Other operating income		9,892	6,745
SFRS(I) 1-1.99	Changes in inventories of finished goods and work in progress <sup>(2)</sup>		5,089	7,589
SFRS(I) 1-1.99	Raw materials and consumables used <sup>(2)</sup>		(668,794)	(465,961)
SFRS(I) 1-1.99	Employee benefits expense <sup>(2)</sup>	49	(220,299)	(188,809)
SFRS(I) 1-1.99	Depreciation and amortisation expense <sup>(2)</sup>	49	(35,365)	(17,238)
SFRS(I) 1-1.99	Other operating expenses <sup>(2)</sup>		(23,417)	(29,561)
SFRS(I) 1-1.82(c)	Share of profit of associates and joint venture		1,270	1,517
SFRS(I) 1-1.85	Investment revenue	44	4,012	2,270
SFRS(I) 1-1.85	Other gains and losses <sup>(9)</sup>	45	120	(171)
SFRS(I) 1-1.82(aa)	Net gain (loss) from the derecognition of financial assets measured at amortised cost		-	-
SFRS(I) 1-1.82(ca)	Net gain (loss) on reclassification of financial assets from amortised cost to FVTPL		-	-
SFRS(I) 1-1.82(cb)	Net gain (loss) on reclassification of financial assets from FVTOCI to FVTPL		-	-
SFRS(I) 1-1.82(ba)	Impairment loss reversed (recognised) on financial assets	49	(33)	(253)
SFRS(I) 1-1.82(b)	Finance costs	46	(31,870)	(24,508)
SFRS(I) 1-1.85	Profit before tax		105,265	19,870
SFRS(I) 1-1.82(d)	Income tax expense	47	(16,166)	(3,810)
SFRS(I) 1-1.85	Profit for the year from continuing operations		89,099	16,060
<b>Discontinued operation<sup>(5)</sup></b>				
SFRS(I) 1-1.82(ea) SFRS(I) 5.33(a)	Profit for the year from discontinued operation	48	10,676	4,171
SFRS(I) 1-1.81A(a)	<b>Profit for the year</b>	49	99,775	20,231

# Consolidated statement of profit or loss

## Source

SFRS(I) 1.21  
SFRS(I) 1-1.113  
SFRS(I) 1-1.51(d),(e)

Note	Group	
	2018	2017
	\$'000	\$'000

### Profit attributable to:

SFRS(I) 1-1.81B(a)(ii) Owners of the company  
SFRS(I) 1-1.81B(a)(i) Non-controlling interests

99,166	20,134
609	97
<u>99,775</u>	<u>20,231</u>

SFRS(I) 1-33.67A

### Earnings per share<sup>(6)</sup>

51

From continuing and discontinued operations:

SFRS(I) 1-33.66

Basic

<u>82.1 cents</u>	<u>16.8 cents</u>
-------------------	-------------------

SFRS(I) 1-33.66

Diluted

<u>59.4 cents</u>	<u>16.5 cents</u>
-------------------	-------------------

From continuing operations:

SFRS(I) 1-33.66

Basic

<u>73.2 cents</u>	<u>13.3 cents</u>
-------------------	-------------------

SFRS(I) 1-33.66

Diluted

<u>53.1 cents</u>	<u>13.1 cents</u>
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See accompanying notes to financial statements.

# Consolidated statement of profit or loss and other comprehensive income

## Source

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

SFRS(I) 1-1.10(b) **Consolidated statement of profit or loss and other comprehensive income<sup>(12)</sup>**  
 SFRS(I) 1-1.51(b),(c) **Year ended December 31, 2018**  
 LM 1207(5)(a)  
 CA 201(5)(a)

SFRS(I)	Description	Note	Group	
			2018 \$'000	2017 \$'000
SFRS(I) 1-1.10A	<b>Profit for the year</b>	49	99,775	20,231
	<b>Other comprehensive income<sup>(3)(4)(11)</sup></b>			
SFRS(I) 1-1.82A(a),(b)	<i>Items that will not be reclassified subsequently to profit or loss</i>			
SFRS(I) 9.B5.7.1	Net fair value gain on investments in equity instruments designated as at FVTOCI	41	46	47
SFRS(I) 9.B5.7.9	Net fair value gain on financial liabilities designated as at FVTPL attributable to changes in credit risk	41	-	-
	Gain (Loss) on revaluation of property	41	53,283	(2,845)
	Remeasurement of defined benefit obligation	34	-	-
	Net fair value gain on hedging instruments entered into for cash flow hedges subject to basis adjustment	41	-	-
	Share of other comprehensive income of associates and joint venture	41	-	-
SFRS(I) 1-1.91(b)	Income tax relating to component of other comprehensive income that will not be reclassified subsequently	41	(3,692)	320
			<u>49,637</u>	<u>(2,478)</u>
SFRS(I) 1-1.82A(a),(b)	<i>Items that may be reclassified subsequently to profit or loss</i>			
SFRS(I) 9.5.7.10	Net fair value gain on investments in debt instruments measured at FVTOCI	41	20	10
	Net fair value gain on hedging instruments entered into for cash flow hedges not subject to basis adjustment	41	1,076	586
	Exchange differences on translation of foreign operations	41	(1,693)	730
	Share of other comprehensive income of associates and joint venture	41	-	-
SFRS(I) 1-1.91(b)	Income tax relating to component of other comprehensive income that may be reclassified subsequently	47	-	-
			<u>(597)</u>	<u>1,326</u>
SFRS(I) 1-1.81A(b)	<b>Other comprehensive income for the year, net of tax</b>		<u>49,040</u>	<u>(1,152)</u>
SFRS(I) 1-1.81A(c)	<b>Total comprehensive income for the year</b>		<u>148,815</u>	<u>19,079</u>
	<b>Total comprehensive income attributable to:</b>			
SFRS(I) 1-1.81B(b)(ii)	Owners of the company		148,206	18,982
SFRS(I) 1-1.81B(b)(i)	Non-controlling interests		609	97
			<u>148,815</u>	<u>19,079</u>

See accompanying notes to financial statements.

# Consolidated statement of profit or loss and other comprehensive income

## Source

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

SFRS(I) 1-1.99

SFRS(I) 1-1.82(a)  
SFRS(I) 15.2  
SFRS(I) 15.113(a)

SFRS(I) 1-1.99

SFRS(I) 1-1.85

SFRS(I) 1-1.85

SFRS(I) 1-1.99

SFRS(I) 1-1.99

SFRS(I) 1-1.99

SFRS(I) 1-1.82(c)

SFRS(I) 1-1.85

SFRS(I) 1-1.85

SFRS(I) 1-1.82(aa)

SFRS(I) 1-1.82(ca)

SFRS(I) 1-1.82(cb)

SFRS(I) 1-1.82(ba)

SFRS(I) 1-1.82(b)

SFRS(I) 1-1.85

SFRS(I) 1-1.82(d)

SFRS(I) 1-1.85

SFRS(I) 1-1.82(ea)

SFRS(I) 5.33(a)

SFRS(I) 1-1.81A(a)

SFRS(I) 1-1.81B(a)(ii)

SFRS(I) 1-1.81B(a)(i)

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

### 1. Statement of profit or loss and other comprehensive income and statement of cash flows

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) 1-27.10, the statement of profit or loss and other comprehensive income and statement of cash flows of the company shall be presented.

### 2. Alternative formats of the analysis of expenses recognised in profit or loss

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 formats outlined under Alt 1 and Alt 2 above aggregate expenses according to their nature. The format outlined below aggregates expenses according to their function (SFRS(I) 1-1.99):

	Note	Group	
		2018 \$'000	2017 \$'000
<b>Continuing operations</b>			
Revenue	42	1,064,660	728,250
Cost of sales		(697,027)	(552,343)
Gross profit		367,633	175,907
Other operating income		9,892	6,745
Distribution costs		(96,298)	(45,609)
Administrative expenses		(102,104)	(70,020)
Other operating expenses		(47,357)	(26,008)
Share of profit of associates and joint venture		1,270	1,517
Investment revenue	44	4,012	2,270
Other gains and losses <sup>(9)</sup>	45	120	(171)
Net gain (loss) from the derecognition of financial assets measured at amortised cost		-	-
Net gain (loss) on reclassification of financial assets from amortised cost to FVTPL		-	-
Net gain (loss) on reclassification of financial assets from FVTOCI to FVTPL		-	-
Impairment loss reversed (recognised) on financial assets	49	(33)	(253)
Finance costs	46	(31,870)	(24,508)
Profit before tax		105,265	19,870
Income tax expense	47	(16,166)	(3,810)
Profit for the year from continuing operations		89,099	16,060
<b>Discontinued operation<sup>(5)</sup></b>			
Profit for the year from discontinued operation	48	10,676	4,171
<b>Profit for the year</b>	49	<b>99,775</b>	<b>20,231</b>
<b>Profit attributable to:</b>			
Owners of the company		99,166	20,134
Non-controlling interests		609	97
		<b>99,775</b>	<b>20,231</b>



# Consolidated statement of profit or loss and other comprehensive income

## Source

### 3. 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:

	Note	Group	
		2018	2017
		\$'000	\$'000
SFRS(I) 1-1.91		<b>Other comprehensive income, after tax</b>	
		<i>Items that will not be reclassified subsequently to profit or loss</i>	
SFRS(I) 9.B5.7.1	41	46	47
SFRS(I) 9.B5.7.9			
	41	-	-
	41	49,591	(2,525)
	34	-	-
	41	-	-
	41	-	-
		<b>49,637</b>	<b>(2,478)</b>
		<i>Items that may be reclassified subsequently to profit or loss</i>	
SFRS(I) 9.5.7.10	41	20	10
	41	1,076	586
	41	(1,693)	730
	41	-	-
		<b>(597)</b>	<b>1,326</b>
		<b>49,040</b>	<b>(1,152)</b>

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 47).

SFRS(I) 1-1.90

### 4. Components of other comprehensive income and reclassification adjustments

For reclassification adjustments, an aggregated presentation can be adopted, with separate disclosure of the current year gain or loss and reclassification adjustments in the notes. The above shows an aggregated presentation of components of other comprehensive income. Note 41 shows the amounts for reclassification adjustments and any current year gain or losses.

Alternatively, using a disaggregated presentation, the current year gain or loss and reclassification adjustments can be shown separately in the statement of comprehensive income.

SFRS(I) 1-1.94

An entity may present the analysis of reclassification adjustments in other comprehensive income by item either in the statement(s) of profit or loss and other comprehensive income or in the notes to the financial statements.

# Consolidated statement of profit or loss and other comprehensive income

## 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 i.e. Alt 2, 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

### 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 i.e. Alt 2, 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 should the amounts disclosed be the same or be negative.

SFRS(I) 1-33.66  
SFRS(I) 1-33.69

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 i.e. Alt 2, it presents basic and diluted earnings per share for the discontinued operation, in that separate statement or in the notes.

SFRS(I) 1-33.68  
SFRS(I) 1-33.68A

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.

### Voluntary "per-share" disclosures

Entities may voluntarily disclose per share amounts for other components of total comprehensive income or separate income statement, subject to the requirements of paragraphs 73 and 73A of SFRS(I) 1-33 i.e. 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 (or separate statement as described in SFRS(I) 1-1.10A) is used that is not reported as a line item in the statement of comprehensive income (or separate statement as described in SFRS(I) 1-1.10A), a reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income (or separate statement as described in SFRS(I) 1-1.10A).

# Consolidated statement of profit or loss and other comprehensive income

## Source

SFRS(I) 1-1.36  
SFRS(I) 1-1.38

### 7. Financial years of different lengths

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 2018 covered the period from July 1, 2017 to December 31, 2018.*

*The financial statements for 2017 covered the twelve months ended June 30, 2017.*

SFRS(I) 1-1.41  
SFRS(I) 1-1.42

### 8. Reclassifications and restatements (other than arising from first-time adoption)

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 60 for a sample disclosure format as required by SFRS(I) 1-1.41).

SFRS(I) 1-1.85  
SFRS(I) 1-1.86

### 9. Additional disclosures

Additional line items, headings and subtotals should be presented in the statement of profit or loss and other comprehensive income and the statement of profit or loss (if presented under Alt 2), 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) 1-1.87

### 10. Extraordinary items

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 presented under Alt 2), or in the notes.

SFRS(I) 1-1.82A(b)

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

SFRS(I) 1-1 clarifies that a company's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

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.

### 12. Terminology used in the Financial Statements

The use of titles of the Financial Statements such as "Statement of Profit or Loss and Other Comprehensive Income" is not mandatory. The reference in the independent auditor's report should be updated accordingly.

### 13. Reference to consolidated statement of profit or loss and other comprehensive income

The notes to the financial statements of the illustrative financial statements hereafter will be based on Alt 1. Reference will be made to the consolidated statement of profit or loss and other comprehensive income, as applicable.

# Statements of changes in equity

## Source

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

SFRS(I) 1-1.10(c)

SFRS(I) 1-1.51(b) **Statements of changes in equity**

SFRS(I) 1-1.51(c) **Year ended December 31, 2018**

## Group

	Share capital	Treasury shares	Equity reserves	Share options reserves	Property revaluation reserves	Investments revaluation reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to owners of the company	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(Note 36)	(Note 37)	(Note 38)	(Note 38)	(Note 39)	(Note 39)	(Note 40)	(Note 40)				
SFRS(I) 1.21												
SFRS(I) 1-1.51(d),(e)												
SFRS(I) 1-1.106(d)	<b>Balance as at January 1, 2017</b>				37,977	432	(4,098)	1,290	146,107	333,806	2,479	336,285
SFRS(I) 1-1.106(a)	Total comprehensive income for the year											
SFRS(I) 1-1.106(d)(i)	Profit for the year	-	-	-	-	-	-	-	20,134	20,134	97	20,231
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	20,134	18,982	97	19,079
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	-	-	-	-	-	-	-	(8,040)	(8,040)	-	(8,040)
	Total	-	-	-	1,202	-	-	-	(8,040)	(6,838)	-	(6,838)
SFRS(I) 1-1.106(d)	<b>Balance as at December 31, 2017</b>	152,098	-	-	1,202	35,452	489	(3,368)	1,876	158,201	2,576	348,526
SFRS(I) 1-1.106(a)	Total comprehensive income for the year											
SFRS(I) 1-1.106(d)(i)	Profit for the year	-	-	-	-	-	-	-	99,166	99,166	609	99,775
SFRS(I) 1-1.106(d)(ii)	Other comprehensive income for the year	-	-	-	49,591	66	(1,693)	1,076	-	49,040	-	49,040
	Total	-	-	-	49,591	66	(1,693)	1,076	99,166	148,206	609	148,815
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 53.3)	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	(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)	<b>Balance as at December 31, 2018</b>	158,098	(500)	571	4,062	85,043	555	(5,061)	2,952	252,327	4,585	502,632

# Statements of changes in equity

## Source

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

SFRS(I) 1-1.10(c)

SFRS(I) 1-1.51(b) **Statements of changes in equity**

SFRS(I) 1-1.51(c) **Year ended December 31, 2018**

Company

	Share capital	Treasury shares	Equity reserves	Share options reserves	Retained earnings	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	(Note 36)	(Note 37)	(Note 38)	(Note 38)			
SFRS(I) 1.21 SFRS(I) 1-1.51(d),(e)							
SFRS(I) 1-1.106(d)	<b>Balance as at January 1, 2017</b>						
SFRS(I) 1-1.106(d)(i),(ii)	Profit for the year, representing total comprehensive income for the year				1,819	153,917	
SFRS(I) 1-1.106(d)(iii)	Transactions with owners, recognised directly in equity				8,361	8,361	
SFRS(I) 1-1.106(d)(iii)	Recognition of share-based payments			1,202	-	1,202	
SFRS(I) 1-1.107	Dividends				(8,040)	(8,040)	
	Total			1,202	(8,040)	(6,838)	
SFRS(I) 1-1.106(d)	<b>Balance as at December 31, 2017</b>			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				(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)	<b>Balance as at December 31, 2018</b>	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 (See Notes 39 and 40). 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 (See Notes 41 and 47) 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 (See Notes 36 to 41).

Entities will determine the most appropriate presentation for their circumstances – electing to present much of the detail in the notes (as presented in these illustrative financial statements) 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 36;
- 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 income statement/statement of comprehensive income and Note 41; 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) – See Note 47; 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) – See Note 41.

#### 2. Changes in accounting policy (other than arising from first-time adoption)

SFRS(I) 1-1.106(b)

SFRS(I) 1-8.22

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, 2017) on the statement of changes in equity is as follows:

	Share capital \$'000 (Note 36)	Treasury shares \$'000 (Note 37)	Equity reserves \$'000 (Note 38)	Share options reserve \$'000 (Note 38)	Retained earnings \$'000	Total \$'000
Balance as at January 1, 2017	152,098	-	-	-	1,819	153,917
Effects of adopting amendments to SFRS(I) X [Note X]	-	-	[XXX]	-	[XXX]	[XXX]
Balance as at January 1, 2017 (as restated)	152,098	-	-	-	[XXX]	[XXX]

# Consolidated statement of cash flows

## Source

SFRS(I) 1-1.51(a) **GAAP Singapore Ltd and its subsidiaries**  
 SFRS(I) 1-1.10(d)  
 SFRS(I) 1-1.51(b) **Consolidated statement of cash flows<sup>(6)</sup>**  
 SFRS(I) 1-1.51(c) **Year ended December 31, 2018**  
 LM 1207(5)(c)

SFRS(I) 1.21 SFRS(I) 1-1.113 SFRS(I) 1-1.51(d),(e)		Note	Group	
			2018 \$'000	2017 \$'000
SFRS(I) 1-7.10	<b>Operating activities</b>			
SFRS(I) 1-7.18(a)	Cash receipts from customers		1,245,719	835,355
	Cash paid to suppliers and employees		(1,018,269)	(817,842)
	Cash generated from operations		227,450	17,513
SFRS(I) 1-7.35	Income taxes paid		(5,589)	(1,489)
SFRS(I) 1-7.31	Interest paid		(35,459)	(25,105)
	Net cash from (used in) operating activities		186,402	(9,081)
SFRS(I) 1-7.10	<b>Investing activities</b>			
SFRS(I) 1-7.31	Interest received		2,573	981
SFRS(I) 1-7.31	Dividends received from associates and joint venture		-	-
SFRS(I) 1-7.31	Dividends received from equity instruments designated at FVTOCI		486	452
SFRS(I) 1-7.16(d)	Proceeds on disposal of equity instruments held at FVTOCI		-	-
SFRS(I) 1-7.39	Disposal of subsidiary	52	6,517	-
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		(71,485)	(33,005)
SFRS(I) 1-7.16(c)	Additions to investment in an associate		(31,800)	-
SFRS(I) 1-7.16(c)	Purchases of financial assets mandatorily measured at FVTPL		(863)	(6,871)
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		(6,100)	-
SFRS(I) 1-7.16(a)	Expenditure on product development		(3,600)	-
SFRS(I) 1-7.16(e)	Additions to finance lease receivables		(36,855)	(23,472)
	Repayments of finance lease receivables		21,948	11,291
SFRS(I) 1-7.39	Acquisition of subsidiary	53	(3,670)	-
	Net cash used in investing activities		(125,885)	(65,241)

# Consolidated statement of cash flows

## Source

		Group	
		2018	2017
		\$'000	\$'000
SFRS(I) 1.21			
SFRS(I) 1-1.113			
SFRS(I) 1-1.51(d),(e)			
SFRS(I) 1-7.10	<b>Financing activities</b>		
SFRS(I) 1-7.42A	Acquisition of non-controlling interests in a subsidiary	(350)	-
SFRS(I) 1-7.31	Dividends paid	(5,040)	(8,040)
SFRS(I) 1-7.17(c)	Proceeds from loans and borrowings	-	83,019
SFRS(I) 1-7.17(d)	Repayments of borrowings	(70,756)	-
SFRS(I) 1-7.17(e)	Payments of obligations under finance leases	(2,242)	(1,532)
SFRS(I) 1-7.17(c)	Proceeds on issue of convertible loan notes	25,000	-
SFRS(I) 1-7.17(a)	Proceeds on issue of shares	6,000	-
	Loan from holding company	34	(543)
SFRS(I) 1-7.17(b)	Purchase of treasury shares	(500)	-
	Net cash (used in) from financing activities	(47,854)	72,904
	Net increase (decrease) in cash and cash equivalents	12,663	(1,418)
	Cash and cash equivalents at beginning of year	(734)	155
SFRS(I) 1-7.28	Effect of foreign exchange rate changes on the balance of cash held in foreign currencies <sup>(5)</sup>	(3,077)	529
SFRS(I) 1-7.45	<b>Cash and cash equivalents at end of year<sup>(1)(2)</sup></b>	<b>8,852</b>	<b>(734)</b>

## Guidance notes

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

See accompanying notes to financial statements.





# Consolidated statement of cash flows

## Source

SFRS(I) 1.21 SFRS(I) 1-1.113 SFRS(I) 1-1.51(d),(e)		Note	Group	
			2018 \$'000	2017 \$'000
SFRS(I) 1-7.10	<b>Investing activities</b>			
SFRS(I) 1-7.31	Interest received		2,573	981
SFRS(I) 1-7.31	Dividends received from associates and joint venture		-	-
SFRS(I) 1-7.31	Dividends received from equity instruments designated at FVTOCI		486	452
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SFRS(I) 1-7.17(e)	Payments of obligations under finance leases	27	(2,242)	(1,532)
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	Loan from holding company	27	34	(543)
SFRS(I) 1-7.17(b)	Purchase of treasury shares		(500)	-
	Net cash (used in) from financing activities		(47,854)	72,904
	Net increase (decrease) in cash and cash equivalents		12,663	(1,418)
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SFRS(I) 1-7.28	Effect of foreign exchange rate changes on the balance of cash held in foreign currencies <sup>(5)</sup>		(3,077)	529
SFRS(I) 1-7.45	<b>Cash and cash equivalents at end of year<sup>(1)(2)</sup></b>	7	8,852	(734)

## Guidance notes

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

See accompanying notes to financial statements.

# Consolidated statement of cash flows

## Source

### Guidance notes – Consolidated statement of cash flows

SFRS(I) 1-7.48  
SFRS(I) 1-7.49

#### 1. Restricted cash and cash equivalents

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.

SFRS(I) 1-7.6

#### 2. Definition of cash and cash equivalents

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 income tax in the consolidated statement of cash flows (indirect method) is derived from the aggregate of profit before tax from discontinued operation \$4,000 (2017: \$4,560) (Note 48), the gain on disposal of discontinued operation \$8,493 (2017: \$Nil) (Note 48) and profit before tax from continuing operations \$105,265 (2017: \$19,870) (statement of profit or loss and other comprehensive income).

SFRS(I) 1-7.20(b)

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

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.

SFRS(I) 1-7.28

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

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

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.

SFRS(I) 1-7.44A-44E

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

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 27.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### 1. General

SFRS(I) 1-1.138(a) The company (Registration Number 200001999A) is incorporated in Singapore with its principal place of business and registered office at 1 Gaap Avenue, #01-00, GAAP Building, Singapore 099001. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

SFRS(I) 1-1.51(d)

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 22.

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, 2018 were authorised for issue by the Board of Directors on March 15, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the group and the company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 58. [Entity may choose to present and disclose the details and effects arising from the adoption of the new financial reporting framework in Note 2.]

SFRS(I) 1-1.25

#### Guidance notes

When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the company's ability to continue as a going concern, the company shall disclose those uncertainties.

#### 2. Summary of significant accounting policies

#### Guidance notes

SFRS(I) 1-1.17(b) Entities are required to disclose in the summary of significant accounting policies the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. An accounting policy may be significant because of the nature of the entity's operations even if amounts for the current and prior periods are not material.

SFRS(I) 1-1.112(a)  
SFRS(I) 1-1.117(a),(b)

In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in SFRS(I).

Each entity considers the nature of its operations and the policies that users of its financial statements would expect to be disclosed for that type of entity. It is also appropriate to disclose each significant accounting policy that is not specifically required by SFRS(I)s, but that is selected and applied in accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

# Notes to financial statements

## Source

SFRS(I) 1-1.10(e) **GAAP Singapore Ltd and its subsidiaries**

SFRS(I) 1-1.51(a)-(c)

SFRS(I) 1-1.113

**Notes to financial statements**

**December 31, 2018**

### 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)s.

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*

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 significant accounting policies 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.

SFRS(I) 1-1.16

**2.1 Basis of accounting** – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

SFRS(I) 1-1.17(b)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

SFRS(I) 1-1.112(a)

SFRS(I) 1-1.117(a),(b)

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 which market participants would take 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) 1-17 *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*.

In addition, for financial reporting purposes, 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 10.7	<p><b>2.2 Basis of consolidation</b> - The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:</p> <ul style="list-style-type: none"><li>• Has power over the investee;</li><li>• Is exposed, or has rights, to variable returns from its involvement with the investee; and</li><li>• Has the ability to use its power to affect its returns.</li></ul>
SFRS(I) 10.8	<p>The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.</p>
SFRS(I) 10.B38	<p>When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:</p> <ul style="list-style-type: none"><li>• The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;</li><li>• Potential voting rights held by the company, other vote holders or other parties;</li><li>• Rights arising from other contractual arrangements; and</li><li>• Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.</li></ul>
SFRS(I) 10.B88	<p>Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.</p>
SFRS(I) 10.B94	<p>Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.</p>
SFRS(I) 10.B87	<p>When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.</p>
SFRS(I) 10.B96	<p><b>2.2.1 Changes in the group's ownership interests in existing subsidiaries</b></p> <p>Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.</p>
SFRS(I) 10.B97 SFRS(I) 10.B98 SFRS(I) 10.B99	<p>When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.</p>
SFRS(I) 1-27.10	<p>In the company's separate financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.</p>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 3.4 SFRS(I) 3.37 SFRS(I) 3.38 SFRS(I) 3.53	<b>2.3 Business combinations</b> - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.
SFRS(I) 3.39 SFRS(I) 3.58	Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.
SFRS(I) 3.42	Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.
SFRS(I) 3.18 SFRS(I) 3.21	The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:
SFRS(I) 3.24 SFRS(I) 3.26	<ul style="list-style-type: none"><li>• Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 <i>Income Taxes</i> and SFRS(I) 1-19 <i>Employee Benefits</i> respectively;</li></ul>
SFRS(I) 3.30	<ul style="list-style-type: none"><li>• Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 <i>Share-based Payment</i> at the acquisition date; and</li></ul>
SFRS(I) 3.31	<ul style="list-style-type: none"><li>• Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> are measured in accordance with that standard.</li></ul>
	Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).
SFRS(I) 3.45	If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.
SFRS(I) 3.46	The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 7.21

**2.4 Financial instruments** - Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

SFRS(I) 7.21

#### 2.4.1 Financial assets

SFRS(I) 7.B5(c)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### 2.4.1.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

#### 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. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "investment revenue" line item.

##### *Debt instruments classified as at FVTOCI*

Listed redeemable notes held by the group are classified as at FVTOCI. Fair value is determined in the manner described in Note 4(c)(vii). The listed redeemable notes are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these listed redeemable notes 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. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these listed redeemable notes had been measured at amortised cost. All other changes in the carrying amount of these listed redeemable notes are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these listed redeemable notes are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

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#### *Equity instruments designated as at FVTOCI*

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 (see Note 25).

Dividends on these investments in equity instruments are recognised in profit or loss when the group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "investment revenue" line item in profit or loss.

#### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

SFRS(I) 7.B5(e)

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item (Note 45). Fair value is determined in the manner described in Note 4(c)(vii).

#### *2.4.1.2 Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other gains and losses" line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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##### 2.4.1.3 Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

##### *Significant increase in credit risk*

SFRS(I) 7.35F(a)  
SFRS(I) 7.35G(b)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, 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. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations, namely the leisure goods and electronic equipment market, the residential properties construction industry and the IT software business.

SFRS(I) 7.35F(a)  
SFRS(I) 7.35G(a)(ii)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- [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;
- 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 since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

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SFRS(I) 7.35F(a)(i) Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

SFRS(I) 7.35F(b) The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collaterals held by the group).

Irrespective of the above analysis, the group considers that 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.

#### *Credit-impaired financial assets*

SFRS(I) 7.35F(d)  
SFRS(I)  
7.35G(a)(iii) A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

#### *Write-off policy*

SFRS(I) 7.35F(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 in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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.

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##### *Measurement and recognition of expected credit losses*

SFRS(I) 7.35G(a)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as 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. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 1-17 *Leases*.

#### **Guidance notes – Basis of measurement and recognition of expected credit losses for financial guarantee contract and undrawn loan commitments**

*Include where applicable. For example:*

For a financial guarantee contract, as the group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder 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.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the group if the holder of the loan commitment draws down the loan, and the cash flows that the group expects to receive if the loan is drawn down.

SFRS(I) 7.35F(c)  
SFRS(I) 7.35G(a)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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##### *Derecognition of financial assets*

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 party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

SFRS(I) 7.21

#### 2.4.2 Financial liabilities and equity instruments

##### *2.4.2.1 Classification as debt or equity*

Debt and equity instruments issued by a group entity 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.

##### *2.4.2.2 Equity instruments*

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 a group entity are recognised at the proceeds received, net of direct issue costs.

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.

##### *2.4.2.3 Compound instruments*

The component parts of compound instruments (convertible notes) issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A 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 instruments. 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.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/other equity [describe]]. Where the conversion option remains unexercised at the maturity date of the convertible notes, the balance recognised in equity will be transferred to [retained profits/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 convertible notes 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 lives of the convertible notes using the effective interest method.

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##### 2.4.2.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the group, and commitments issued by the group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

#### SFRS(I) 7.B5(e)

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other gains and losses" line item (Note 45).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the group that are designated by the group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 4(c)(vii).

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##### *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost 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.

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

#### **Guidance notes – Accounting policies for other commitments**

*Include where applicable. For example:*

##### *Commitments to provide a loan at a below-market interest rate*

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “other gains and losses” line item in profit or loss (Note 45) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

See Note 2.4.4 regarding the recognition of exchange differences where the foreign currency risk component of a financial liability is designated as a hedging instrument for a hedge of foreign currency risk.

##### *Derecognition of financial liabilities*

The group derecognises financial liabilities when, and only when, the group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



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#### 2.4.3 Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are 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 event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

##### *2.4.3.1 Embedded derivatives*

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See above for the group's policy on classification of financial assets.

#### 2.4.4 Hedge accounting

The group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 14 sets out details of the fair values of the derivative instruments used for hedging purposes.

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##### 2.4.4.1 Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

##### 2.4.4.2 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 hedging reserve, 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.

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 (after rebalancing, if applicable). 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 equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

##### 2.4.4.3 Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. 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.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

SFRS(I) 1-32.42

##### **2.4.5 Offsetting arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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- SFRS(I) 1-17.4 **2.5 Leases** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
- SFRS(I) 1-17.36 **2.5.1 The group as lessor**  
SFRS(I) 1-17.39 Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.
- SFRS(I) 1-17.50 Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another  
SFRS(I) 1-17.52 systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.
- SFRS(I) 1-17.20 **2.5.2 The group as lessee**  
Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.
- SFRS(I) 1-17.33 Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.
- In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.
- 2.6 Non-current assets held for sale and discontinued operations** - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.
- SFRS(I) 5.8A When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.
- SFRS(I) 5.15 Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.
- SFRS(I) 5.32 A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- (a) represents a separate major line of business or geographical area of operations,
  - (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
  - (c) is a subsidiary acquired exclusively with a view to resale.

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- SFRS(I) 1-2.36(a) **2.7 Inventories** - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.
- SFRS(I) 1-16.73(a)  
SFRS(I) 1-16.31 **2.8 Property, plant and equipment** - Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.
- SFRS(I) 1-16.39  
SFRS(I) 1-16.40 Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.
- Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.
- SFRS(I) 1-16.30 Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- SFRS(I) 1-16.73(b) Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:
- SFRS(I) 1-16.73(c) Leasehold land and buildings – over the terms of lease which are from 2% to 5%  
Plant and equipment – 10% to 33%
- The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.
- SFRS(I) 1-17.27 Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.
- SFRS(I) 1-16.68 The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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SFRS(I) 1-40.75(a) **2.9 Investment property** - 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 its 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

SFRS(I) 3.32 **2.10 Goodwill** - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

SFRS(I) 3.36 If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

SFRS(I) 1-36.80  
SFRS(I) 1-36.90  
SFRS(I) 1-36.104  
SFRS(I) 1-36.124 Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than 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 recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

SFRS(I) 1-38.118(b) **2.11 Intangible assets**

#### 2.11.1 Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

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#### 2.11.2 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 charged to profit or loss in the period in which it is incurred.

SFRS(I) 1-38.118(b),(c)

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.

#### 2.11.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

SFRS(I) 1-38.118(b),(c)

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) 1-36.9

**2.12 Impairment of tangible and intangible assets excluding goodwill** – As at each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where 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) 1-36.6  
SFRS(I) 1-36.30

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

SFRS(I) 1-36.59  
SFRS(I) 1-36.60

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

SFRS(I) 1-36.119

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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- SFRS(I) 1-28.3  
SFRS(I) 1-28.6
- 2.13 Associates and joint venture** - An associate is an entity over which the group has significant influence. 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.
- 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.
- 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 or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. 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. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.
- SFRS(I) 1-28.32
- An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.
- SFRS(I) 1-28.40  
SFRS(I) 1-28.42
- The requirements of SFRS(I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.
- SFRS(I) 1-28.20  
SFRS(I) 1-28.23
- The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.
- SFRS(I) 1-28.24
- The group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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SFRS(I) 1-28.25	When the group reduces its ownership interest in an associate or a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.
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 group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.
SFRS(I) 11.7 SFRS(I) 11.20	<p><b>2.14 Interests in joint operations</b> - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.</p> <p>When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:</p> <ul style="list-style-type: none"><li>• Its assets, including its share of any assets held jointly;</li><li>• Its liabilities, including its share of any liabilities incurred jointly;</li><li>• Its revenue from the sale of its share of the output arising from the joint operation;</li><li>• Its share of the revenue from the sale of the output by the joint operation; and</li><li>• Its expenses, including its share of any expenses incurred jointly.</li></ul>
SFRS(I) 11.21	The group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.
SFRS(I) 11.B34	When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.
SFRS(I) 11.B36	When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.
SFRS(I) 1-37.14	<p><b>2.15 Provisions</b> - 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.</p> <p>The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, 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.</p> <p>When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.</p>



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#### Guidance notes – Accounting policies for specific types of provisions

Include where applicable. For example:

##### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

##### Restructurings

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

##### Assurance-type warranty

Provisions for warranty costs are recognised at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the group's obligation.

SFRS(I) 2.10

**2.16 Share-based payments** - The group issues equity-settled and cash-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 35. 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. As at each reporting date, the group revises its estimate of the number of equity instruments expected to vest. 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 equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair of the liability. As 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.

SFRS(I) 1-20.39(a)

**2.17 Government grants** - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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#### 2.18 Revenue recognition – The group recognises revenue from the following major sources:

- Sale of leisure goods and electronic equipment, including the related loyalty programme “Maxi – Points Scheme” as disclosed in Note 29, maintenance included in the price of products sold, as well as warranties granted under local legislation as disclosed in Note 32;
- Installation of computer software for specialised business applications; and
- Construction of residential properties.

SFRS(I) 15.31 Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on  
SFRS(I) 15.46 behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.  
SFRS(I) 15.47  
SFRS(I) 15.119

#### 2.18.1 Sale of goods – leisure goods

SFRS(I) 15.B30 The group sells sport shoes, sport equipment and outdoor play equipment both to the wholesale market and directly to  
SFRS(I) 15.119(e) customers through its own retail outlets. Sales-related warranties associated with leisure goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the group accounts for warranties in accordance with SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment (see Note 32).

SFRS(I) 15.125 For sale 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 onselling 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) 15.108

SFRS(I) 15.125 For sale 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.

SFRS(I) 15.55 Under the group’s standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, the group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

SFRS(I) 15.B21  
SFRS(I) 15.119(d)  
SFRS(I)  
15.126(b),(d)(d)

#### 2.18.2 Sale of goods – electronic equipment

The group sells electronic equipment to the wholesale market and directly to customers both through its own retail outlets and through internet sales.

SFRS(I) 15.125 For sale of electronic equipment to the wholesale market and through retail outlets and internet sales, revenue is recognised  
SFRS(I) 15.55 by the group at a point in time in line with the policy outlined above for the sale of leisure goods. For sale to retail customers  
SFRS(I) 15.B21 (from both retail outlet and internet sales) there exists the same 30-day right of return and accordingly a refund liability  
SFRS(I) 15.119(d) and a right to the returned goods are recognised in relation to electronic equipment expected to be returned.

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  
SFRS(I) 15.106 goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer’s specific location.  
SFRS(I) 15.117 When the customer initially purchases the goods online, the transaction price received by the group is recognised as a contract liability until the goods have been delivered to the customer.

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#### 2.18.3 Sale of goods – “Maxi-Points” customer loyalty programme

SFRS(I) 15.B39 The group operates a “Maxi-Points” loyalty programme through which retail customers accumulate points on purchases of  
SFRS(I) 15.B40 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. The promise to provide the discount to the customer is therefore a separate performance obligation.

SFRS(I) 15.74 The transaction price is allocated between the product, the maintenance services (if the product is electronic equipment, as  
SFRS(I) 15.B42 described below) and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is  
SFRS(I) 15.106 estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption,  
SFRS(I) 15.117 as evidenced by the group’s historical experience. A contract liability 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.

#### 2.18.4 Sale of services – maintenance relating to electronic equipment

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 services. The renewal of services after the three-year period will be for the price at which these are sold by the entity 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.B29 The maintenance service is considered to be a distinct service as it is both regularly supplied by the group to other customers  
SFRS(I) 15.74 on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price  
SFRS(I) 15.81 is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are  
SFRS(I) 15.126(c) not considered as they are only given in rare circumstances and are never material.

SFRS(I) 15.35(b) Revenue relating to the maintenance services is recognised over time. The transaction price allocated to these services is  
SFRS(I) 15.106 recognised as a contract liability at the time of the initial sales transaction and is released on a straight line basis over the  
SFRS(I) 15.117 period of service (i.e. three years when the services are purchased together with the underlying equipment).  
SFRS(I) 15.123(a)  
SFRS(I) 15.124

#### 2.18.5 Sale of services – installation of software services

SFRS(I) 15.35(b) 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  
SFRS(I) 15.124 on the stage of completion of the contract. Management has assessed that the stage of completion determined as the  
SFRS(I) 15.107 proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure  
SFRS(I) 15.117 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 complete and therefore a contract asset is  
recognised over the period in which the installation services are performed representing the entity’s right to consideration  
for the services performed to date. This balance was previously recognised as part of trade receivables.

#### 2.18.6 Construction of residential properties

SFRS(I) 15.35(c) The group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered  
into before construction of the residential properties begins. Under the terms of the contracts, the group is contractually  
restricted from redirecting the properties to another customer and has an enforceable right to payment for work done.  
SFRS(I) 15.124 Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based  
on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.  
Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of  
these performance obligations under SFRS(I) 15.

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SFRS(I) 15.117  
SFRS(I) 15.106  
SFRS(I) 15.107

The group becomes entitled to invoice customers for construction of residential properties based on achieving a series of performance-related milestones. When a particular milestone is reached, the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is always less than one year.

#### Guidance notes – Practical expedient on significant financing component

SFRS(I) 15.63

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.

SFRS(I) 1-23.12  
SFRS(I) 1-23.22

**2.19 Borrowing costs** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

SFRS(I) 1-23.8

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

SFRS(I) 1-19.44

**2.20 Retirement benefit costs** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

SFRS(I) 1-19.120

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out as at each reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The group presents the first two components of defined benefit costs in profit or loss in the line item ["employee benefits expense"/others (*please specify*)]. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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**2.21 Employee leave entitlement** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**2.22 Income tax** - Income tax expense represents the sum of the tax currently payable and deferred tax.

SFRS(I) 1-12.5 The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

SFRS(I) 1-12.15 Deferred tax is recognised on the 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

SFRS(I) 1-12.39 Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

SFRS(I) 1-12.56 The carrying amount of deferred tax assets is reviewed as 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) 1-12.58(a) Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

SFRS(I) 1-12.51C For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

SFRS(I) 1-12.71(a),(b) Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

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SFRS(I) 1-21.51 SFRS(I) 1-21.17 SFRS(I) 1-21.18 SFRS(I) 1-21.19	<b>2.23 Foreign currency transactions and translation</b> - 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 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) 1-21.23(a)-(c) SFRS(I) 1-21.21	In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
SFRS(I) 1-21.32 SFRS(I) 1-21.28 SFRS(I) 1-21.30	Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.
SFRS(I) 1-23.6(e)	Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.  Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.
SFRS(I) 1-21.39 SFRS(I) 1-21.40	For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.
SFRS(I) 1-21.48 SFRS(I) 1-21.48A SFRS(I) 1-21.48B	On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.
SFRS(I) 1-21.48C SFRS(I) 1-21.48D	In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.
SFRS(I) 1-21.32	On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.
SFRS(I) 1-21.47	Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-7.46

**2.24 Cash and cash equivalents in the statement of cash flows** - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 3. Critical accounting judgements and key sources of estimation uncertainty

#### Guidance notes

The following are examples of the types of disclosures that might be required in this area. The matters disclosed will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the results and financial position of the entity.

Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures.

SFRS(I) 1.14

An entity's estimates in accordance with SFRS(I)s at the date of transition to SFRS(I)s shall be consistent with estimates made for the same date in accordance with the previous FRS framework (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

SFRS(I) 1-1.122

#### Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Guidance notes

As the application of SFRS(I) 15 requires significant judgements and certain key estimations, the matters disclosed here will be dictated by the circumstances of the individual entity, and by the significance of judgements and estimates made to the performance and financial position of the entity. Instead of disclosing this information in a separate note, it may be more appropriate to include such disclosures in the relevant asset and liability notes, or as part of the relevant accounting policy disclosures. SFRS(I) 15.123 contains a specific disclosure requirement relating to the judgements, and changes in judgements, used in determining both of the following: the timing of satisfaction of performance obligations; and the transaction price and the amounts allocated to performance obligations. Note that an entity should also disclose information about significant judgements (SFRS(I) 1-1.122) and key sources of estimation uncertainty (SFRS(I) 1-1.125) for the financial statements as a whole.

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### GAAP Singapore Ltd and its subsidiaries

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#### Revenue recognition – determining the timing of satisfaction of performance obligations

SFRS(I) 15.123(a) Note 32 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 2018, 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 2019. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of \$102 million in the current year, in line with the group's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

SFRS(I) 15.125 In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods, set out in SFRS(I) 15 *Revenue from Contracts with Customers* and, in particular, whether the group had transferred to the buyer the control of the goods. Following the detailed quantification of the group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management is satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

#### Capitalisation of borrowing costs

As described in Note 2, it is the group's policy to capitalise borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the group's premises in Malaysia was suspended in 2017, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 2018 – following the finalisation of revised plans, and resumption of the activities necessary to prepare the asset for its intended use. Borrowing costs have been capitalised from February 2018, as management is of the view that although construction of the premises was not restarted until May 2018, the technical and administrative work associated with the project has recommenced in February 2018.

#### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 2). The group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the group's deferred taxation on investment properties, management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.



# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 12.7(a)  
SFRS(I) 12.9(b)

#### Control over GAAP Manufacturing Limited

Note 22 describes that 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 Hong Kong Stock Exchange. The group has held its 45% ownership since June 2014 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.

SFRS(I) 12.7(a)  
SFRS(I) 12.9(b)

#### Control over GAAP Leisure Pte Ltd

Note 22 describes that GAAP Leisure Pte Ltd is a subsidiary of the group although the group only owns a 45% ownership interest in GAAP Leisure 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 Pte Ltd that has the power to direct the relevant activities of GAAP Leisure Pte Ltd. Therefore, management concluded that the group has the practical ability to direct the relevant activities of GAAP Leisure Pte Ltd unilaterally and hence the group has control over GAAP Leisure Pte Ltd.

SFRS(I) 12.7(b)  
SFRS(I) 12.9(e)

#### Significant influence over PAAG Pte Ltd

Note 23 describes that PAAG Pte Ltd is an associate of the group although the group only owns a 17% ownership interest in PAAG Pte Ltd. 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) 12.7(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. See Note 24 for details.

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Key sources of estimation uncertainty

SFRS(I) 1-1.125  
SFRS(I) 1-1.129

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Guidance notes

Where applicable, corresponding information for the previous financial year should also be disclosed.

#### Calculation of loss allowance

When measuring ECL, the group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

SFRS(I) 1-1.129(b) [Disclose the sensitivity of the loss allowance on trade receivables to the ECL rates, including the reasons for the sensitivity, if necessary.]

#### 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, 2018 at \$3.24 million (December 31, 2017: \$Nil, January 1, 2017: \$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.

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was \$4.04 million (December 31, 2017: \$2.54 million, January 1, 2017: \$2.75 million) after an impairment loss of \$0.46 million (2017: \$Nil) was recognised during the financial year. Details of the impairment loss calculation are provided in Note 20.

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Useful lives of property, plant and equipment

As described in Note 2, the group reviews the estimated useful lives of property, plant and equipment as at each reporting date. During the financial year, management determined that the useful life of certain items of equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the consolidated depreciation expense in the current financial year and for the next 3 years, by the following amounts:

	<u>\$'000</u>
2018	9
2019	7
2020	4
2021	2

SFRS(I) 13.93(g)  
SFRS(I) 13.IE65

#### Fair value measurements and valuation processes

Some of the group's assets and 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 up by the Chief Financial Officer of the company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the group uses market-observable data 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 Chief Financial Officer reports the valuation committee's findings to the Board of Directors of the company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 4.

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 4. Financial instruments, financial risks and capital management

#### (a) Categories of financial instruments

SFRS(I) 7.8

#### 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 financial instruments as at the end of the reporting period:

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
<b>Financial Assets</b>						
SFRS(I) 7.8(f)	Financial assets at amortised cost	228,066	196,366	154,166	91,445	53,978
SFRS(I) 7.8(a)	Financial assets mandatorily measured at FVTPL	13,006	12,125	5,229	-	-
	Derivative instruments:					
	Designated in hedge accounting relationships	5,038	2,938	1,433	-	-
	Not designated in hedge accounting relationships	-	-	-	-	-
SFRS(I) 7.8(h)	Financial assets at FVTOCI					
	Debt instruments classified as at FVTOCI	8,815	8,721	8,658	-	-
	Equity instruments designated as at FVTOCI	14,570	14,494	14,406	-	-
<b>Financial Liabilities</b>						
SFRS(I) 7.8(g)	Financial liabilities at amortised cost	572,579	568,492	464,607	31,392	10,061
	Fair value through profit or loss (FVTPL):					
SFRS(I) 7.8(e)	Held-for-trading	-	-	-	-	-
SFRS(I) 7.8(e)	Designated as at FVTPL	-	-	-	-	-
	Derivative instruments:					
	Designated in hedge accounting relationships	273	-	-	-	-
	Not designated in hedge accounting relationships	-	-	-	-	-
	Financial guarantee contracts	24	18	-	-	-
	Contingent consideration for a business combination	75	-	-	-	-

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

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#### Guidance notes – Financial assets and financial liabilities designated as at FVTPL

Information on financial assets and financial liabilities designated as at FVTPL is required only if the entity has such categories of financial instruments. The information may be presented as follows:

##### (i) Financial assets designated as at FVTPL

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount of debt instruments designated as at FVTPL	xx	xx	xx	xx	xx	xx
SFRS(I) 7.9(c) Cumulative changes in fair value attributable to changes in credit risk	xx	xx	xx	xx	xx	xx
SFRS(I) 7.9(c) Changes in fair value attributable to changes in credit risk recognised during the period	xx	xx	n.a.	xx	xx	n.a.

SFRS(I) 7.9(a) At the reporting date, there are no significant concentrations of credit risk for debt instruments designated at FVTPL. The carrying amount reflected above represents the group's maximum exposure to credit risk for such assets.

SFRS(I) 7.9(b),(d)  
SFRS(I) 7.36(b)

##### (ii) Credit derivatives over financial assets designated as at FVTPL

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Opening fair value	xx	xx	xx	xx
Additions during the year	xx	xx	xx	xx
Realised during the period	xx	xx	xx	xx
Change in fair value	xx	xx	xx	xx
Closing fair value	xx	xx	xx	xx

Cumulative fair value changes in credit derivatives over financial assets designated as at FVTPL since the assets were designated amount to \$xx (December 31, 2017: \$xx, January 1, 2017: \$xx).

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

#### (iii) Financial liabilities designated as at FVTPL

Financial liabilities designated at FVTPL (with changes attributable to the change in credit risk being recognised in other comprehensive income)

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
SFRS(I) 7.10(a)						
SFRS(I) 7.10(d)						
SFRS(I) 7.10(b)						

SFRS(I) 7.11(a),(c) (i) The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of cumulative preference shares (\$xx) and the change in fair value of cumulative redeemable preference shares due to change in market risk factors alone (\$xx), and is recognised in other comprehensive income. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding credit risk margin constant. The fair value of cumulative redeemable preference shares was estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowings of similar maturity to estimate credit risk margin.

SFRS(I) 7.11(c) A qualitative assessment of the terms of the cumulative preference shares and the matching interest rate swap (see Note xx) indicates that the effects of changes in the cumulative preference shares' credit risk are not expected to be offset by changes in the fair value of the interest rate swap. Accordingly, management determines that presenting the effects of changes in the cumulative preference shares' credit risk in other comprehensive income would not create or enlarge an accounting mismatch in profit or loss.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

*Financial liabilities designated at FVTPL (with changes attributable to the change in credit risk being recognised in profit or loss)*

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SFRS(I) 7.10A(a)	Changes in fair value attributable to changes in credit risk recognised in profit or loss during the year (i)					
SFRS(I) 7.10A(a)	xx	xx	n.a.	xx	xx	n.a.
	Cumulative changes in fair value attributable to changes in credit risk recognised in profit or loss					
	xx	xx	xx	xx	xx	xx
SFRS(I) 7.10A(b)	Difference between carrying amount and maturity amount:					
	Cumulative preference shares at fair value					
	xx	xx	xx	xx	xx	xx
	Amount payable at maturity					
	xx	xx	xx	xx	xx	xx

#### Note:

SFRS(I) 7.10A  
SFRS(I) 7.11(c)

If an entity has designated a financial liability as at FVTPL and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss (because recognising changes in the credit risk of the liability in other comprehensive income would enlarge an accounting mismatch in profit or loss), it shall disclose:

- the amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability (see above);
- the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation (see above); and
- a detailed description of the methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, and a detailed description of the economic relationship between the characteristics of the liability and the characteristics of the other financial instrument, when the effects of changes in the liability's credit risk are recognised in profit or loss.

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

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December 31, 2018

### (b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Group

SFRS(I) 7.13C

As at December 31, 2018 (\$'000)

#### Financial assets

Type of financial asset	(a)	(b)	(c) = (a) - (b)	(d) <i>Related amounts not set off in the statement of financial position</i>		(e) = (c) + (d)
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
Interest rate swaps	3,914	-	3,914	-	(14)	3,900
Forward foreign exchange contracts	1,124	-	1,124	(273)	-	851
Trade receivables	7,035	(2,035)	5,000	-	-	5,000
Total	12,073	(2,035)	10,038	(273)	(14)	9,751

#### Financial liabilities

Type of financial liability	(a)	(b)	(c) = (a) - (b)	(d) <i>Related amounts not set off in the statement of financial position</i>		(e) = (c) + (d)
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
Forward foreign exchange contracts	273	-	273	(273)	-	-
Trade payables	2,035	(2,035)	-	-	-	-
Total	2,308	(2,035)	273	(273)	-	-



# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

Group

As at December 31, 2017 (\$'000)

### Financial assets

Type of financial asset	(a)	(b)	(c) = (a) - (b)	(d) <i>Related amounts not set off in the statement of financial position</i>		(e) = (c) + (d)
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
Forward foreign exchange contracts	2,938	-	2,938	-	(38)	2,900
Total	2,938	-	2,938	-	(38)	2,900

Group

As at January 1, 2017 (\$'000)

### Financial assets

Type of financial asset	(a)	(b)	(c) = (a) - (b)	(d) <i>Related amounts not set off in the statement of financial position</i>		(e) = (c) + (d)
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net amount
Forward foreign exchange contracts	1,433	-	1,433	-	-	1,433
Total	1,433	-	1,433	-	-	1,433

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 7.B46 In reconciling the “Net amounts of financial assets and financial liabilities presented in the statement of financial position” to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

SFRS(I) 7.13E [With respect to the financial instruments disclosed in column (d) of the tables above, include a description of the rights of set off associated with the entity’s recognised financial assets and recognised financial liabilities subject to enforceable master netting arrangements and similar agreements, including the nature of those rights.]

The company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

#### Guidance notes

SFRS(I) 7 requires entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar agreement, irrespective of whether they are set off in accordance with paragraph 42 of SFRS(I) 1-32.

SFRS(I) 7.13F If the disclosures required under SFRS(I) 7 are disclosed in more than one notes, the entity shall cross-refer between those notes.

SFRS(I) 7.B51  
SFRS(I) 7.B52 The disclosures required by SFRS(I) 7.13C(a)–(e) may be grouped by type of financial instrument or transaction (for example, derivatives, repurchase and reverse repurchase agreements or securities borrowing and securities lending agreements), or alternatively by counterparty. If an entity provides the required information by counterparty, the entity is not required to identify the counterparties by name. However, designation of counterparties (Counterparty A, Counterparty B, Counterparty C, etc.) shall remain consistent from year to year for the years presented to maintain comparability. Qualitative disclosures shall be considered so that further information can be given about the types of counterparties. When disclosure of the amounts in paragraph 13C(c)–(e) is provided by counterparty, amounts that are individually significant in terms of total counterparty amounts shall be separately disclosed and the remaining individually insignificant counterparty amounts shall be aggregated into one line item.

#### SFRS(I) 7.31 (c) Financial risk management policies and objectives

SFRS(I) 7.32  
SFRS(I) 7.33

The group has documented financial risk management policies. These policies set out the group’s overall business strategies and its risk management philosophy. The group’s overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the group’s policy guidelines are complied with. Risk management is carried out by the Treasury Department under the policies approved by the Board of Directors.

SFRS(I) 21A(a) The group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward exchange contracts to hedge the exchange rate risks arising from trade receivables and trade payables, and firm commitments to buy or sell goods; and
- Interest rate swaps to mitigate the risk of rising interest rates.

The group does not hold or issue derivative financial instruments for speculative purposes.

SFRS(I) 7.33(c)  
SFRS(I) 7.40(c) There has been no change to the group’s exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### 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 shall consider:

- The economic environments in which it operates. This shall not include remote or “worst case” scenarios or “stress test”; and
- The effects of changes reasonably possible over the period until the entity next presents these disclosures (usually the next annual reporting period).

SFRS(I) 7.33  
SFRS(I) 7.34

##### (i) Foreign exchange risk management

The group transacts business in various foreign currencies, including the United States dollar, Euro and Japanese yen and therefore is exposed to foreign exchange risk.

##### Guidance notes – Information on foreign currency balances

SFRS(I) 7.34(a) The table below provides an example of summary quantitative data about exposure to foreign exchange risks arising from monetary assets and liabilities at the end of the reporting period that an entity may provide internally to key management personnel.

SFRS(I) 7.34(a) As at each reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities’ functional currencies are as follows:

	Group					
	Liabilities			Assets		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States dollar	54,111	32,988	30,745	61,392	84,313	58,196
Euro	13,669	10,643	8,670	4,507	4,062	4,287
Japanese yen	530	842	720	4,450	5,521	7,130

	Company					
	Liabilities			Assets		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States dollar	1,332	1,824	1,642	37,394	29,226	20,193
Euro	560	485	399	-	-	-
Japanese yen	-	-	-	-	-	-

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Companies in the group use forward contracts to hedge their exposure to foreign currency risk in the local reporting currency. The Treasury Department is responsible for hedging the net position in each borrowing currency.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. 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.

Further details on the forward exchange derivative hedging instruments are found in Note 14.

#### 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.

#### SFRS(I) 7.40(a),(b) *Foreign currency sensitivity*

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 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 period 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 they gave rise to an impact on the group's profit or loss and/or equity.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss and other equity will increase (decrease) by:

	United States dollar impact		Euro impact		Japanese yen impact	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
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)	-	-
<b>Company</b>						
SFRS(I) 7.40(a) Profit or loss	(3,606)	(2,740) (iii)	56	49 (i)	-	-
SFRS(I) 7.40(a) Other equity	-	-	-	-	-	-

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit or loss and other equity will increase (decrease) by:

	United States dollar impact		Euro impact		Japanese yen impact	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Group</u>						
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)	-	-
<u>Company</u>						
SFRS(I) 7.40(a) Profit or loss	3,606	2,740 (iii)	(56)	(49) (i)	-	-
SFRS(I) 7.40(a) Other equity	-	-	-	-	-	-

(i) This is mainly attributable to the exposure outstanding on receivables and payables at the end of the reporting period in the group.

(ii) This is mainly as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

(iii) This is mainly attributable to the exposure to outstanding US dollar inter-company receivables at the end of the reporting period.

The group's sensitivity to foreign currency has decreased during the current year mainly due to the disposal of US dollar investments and the reduction in US dollar sales in the last quarter of the financial year which has resulted in lower US dollar denominated trade receivables.

#### Guidance notes – Sensitivity analyses

SFRS(I) 7.42

When the sensitivity analyses disclosed in accordance with SFRS(I) 7.40 or 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. US dollar denominated sales are seasonal with lower sales volume in the last quarter of the financial year, which results in a reduction in US dollar receivables at the end of the reporting period.*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.33  
SFRS(I) 7.34

#### (ii) Interest rate risk management

Summary quantitative data of the group's interest-bearing financial instruments can be found in section (vi) of this note. The group's policy is to maintain cash equivalents and borrowings in fixed rate instruments. The group sometimes borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 14.

SFRS(I) 7.40(a),(b) **Interest rate sensitivity**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point 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.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's:

- Profit for the year ended December 31, 2018 would increase/decrease by \$1.8 million (2017: increase/decrease by \$2.3 million). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings; and
- Other equity reserves would decrease/increase by \$45,000 (2017: decrease/increase by \$45,000) mainly as a result of the changes in the fair value of fixed rate instruments measured at FVTOCI.

The group's sensitivity to interest rates cash flow risks has decreased during the current period mainly due to the reduction in variable rate debt instruments and the increase in interest rate swaps.

The company's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.33  
SFRS(I) 7.34

#### (iii) Equity price risk management

The group is exposed to equity risks arising from equity investments classified as held-for-trading and at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The group does not actively trade such investments.

Further details of these equity investments can be found in Notes 12 and 25.

SFRS(I) 7.40(a),(b) **Equity price sensitivity**

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity investments at FVTOCI, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant:

- The group's net profit for the year ended December 31, 2018 would have been unaffected as the equity investments are classified as at FVTOCI; and
- The group's asset revaluation reserves would decrease/increase by \$1.4 million (2017: decrease/increase by \$1.3 million).

In respect of held-for-trading equity investments, if equity prices had been 10% higher/lower:

- The group's net profit for the year ended December 31, 2018 would decrease/increase by \$1.2 million (2017: decrease/increase by \$1.1 million).

The group's sensitivity to equity prices has not changed significantly from the prior year.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.7

SFRS(I) 7.31

SFRS(I) 7.35K(a)

#### (iv) Overview of the group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. As at December 31, 2018, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- 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 as disclosed in Note 4(c)(vi). The related loss allowance is disclosed in the respective notes to the financial statements.

SFRS(I) 7.35M

SFRS(I) 7.B10(c)

SFRS(I) 7.35B(a)

SFRS(I) 7.35F(a)(i)

In order to minimise credit risk, the group has tasked its credit management committee to develop and maintain the group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the group's own trading records to rate its major customers and other debtors. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	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

#### Guidance notes

SFRS(I) 7.35M

SFRS(I) 7.B8I

SFRS(I) 7.35M requires the disclosure of information about an entity's credit risk exposure and significant concentrations of credit risk by credit risk grading at the reporting date. The number of credit risk rating grades used to disclose such information should be consistent with the number that the entity reports to key management personnel for credit risk management purposes. However, in some cases, delinquency and past due information may be the only borrower-specific information available without undue cost or effort, which is used to assess whether credit risk has increased significantly since initial recognition. In such cases, an entity should provide an analysis of those financial assets by past due status.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.35M  
SFRS(I) 7.35N  
SFRS(I) 7.36(a)

The tables below detail the credit quality of the group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>Group</u>							
<u>December 31, 2018</u>							
Trade receivables	8.1	n.a.	(i)	Lifetime ECL (simplified approach)	93,027	(3,996)	89,031
Other receivables	8.2	n.a.	Performing	12m ECL	24,231	-	24,231
Contract assets	9	n.a.	(i)	Lifetime ECL (simplified approach)	14,758	(148)	14,610
Finance lease receivables	11	n.a.	(i)	Lifetime ECL (simplified approach)	76,497	-	76,497
Debt securities	13	BBB-	Performing	12m ECL	27,548	-	27,548
Redeemable notes	25	AA	Performing	12m ECL	8,303	-	8,303(ii)
						<u>(4,144)</u>	
<u>December 31, 2017</u>							
Trade receivables	8.1	n.a.	(i)	Lifetime ECL (simplified approach)	113,486	(4,430)	109,056
Other receivables	8.2	n.a.	Performing	12m ECL	673	-	673
Contract assets	9	n.a.	(i)	Lifetime ECL (simplified approach)	14,039	(141)	13,898
Finance lease receivables	11	n.a.	(i)	Lifetime ECL (simplified approach)	64,163	-	64,163
Debt securities	13	BBB-	Performing	12m ECL	21,299	-	21,299
Redeemable notes	25	AA	Performing	12m ECL	8,221	-	8,221(ii)
						<u>(4,571)</u>	
<u>January 1, 2017</u>							
Trade receivables	8.1	n.a.	(i)	Lifetime ECL (simplified approach)	81,129	(4,216)	76,913
Other receivables	8.2	n.a.	Performing	12m ECL	670	-	670
Contract assets	9	n.a.	(i)	Lifetime ECL (simplified approach)	12,175	(122)	12,053
Finance lease receivables	11	n.a.	(i)	Lifetime ECL (simplified approach)	52,963	-	52,963
Debt securities	13	BBB-	Performing	12m ECL	21,246	-	21,246
Redeemable notes	25	AA	Performing	12m ECL	8,158	-	8,158(ii)
						<u>(4,338)</u>	

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount (i) \$'000	Loss allowance \$'000	Net carrying amount \$'000
<u>Company</u>							
<u>December 31, 2018</u>							
Other receivables	8.2	n.a.	Performing	12m ECL	89,371	-	89,371
<u>December 31, 2017</u>							
Other receivables	8.2	n.a.	Performing	12m ECL	55,895	-	55,895
<u>January 1, 2017</u>							
Other receivables	8.2	n.a.	Performing	12m ECL	53,696	-	53,696

(i) For trade receivables, contract assets and finance lease receivables, the group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 8, 9 and 11 include further details on the loss allowance for these assets respectively.

(ii) The loss allowance on redeemable notes measured at FVTOCI is recognised against other comprehensive income and accumulated in the investment revaluation reserve. See Note 25.

SFRS(I) 7.36(a),(b) SFRS(I) 7.B10(b) The carrying amount of the group's financial assets at FVTPL as disclosed in Note 12 best represents their respective maximum exposure to credit risk. The group holds no collateral over any of these balances.

#### Guidance notes

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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 7.33  
SFRS(I) 7.34  
SFRS(I) 7.35B

#### (v) Credit risk management

SFRS(I) 7.35F(a)(i)

In order to minimise credit risk, the group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group only transacts with entities that are rated the equivalent of investment grade and above and investments in these instruments, including debentures and redeemable notes as detailed in Notes 13 and 25, where the counterparties have minimum BBB-credit rating, are considered to have low credit risk for the purpose of impairment assessment. 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 its major customers. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

SFRS(I) 7.34(c)

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. 80% of the trade receivables have the best credit scoring attributable under the external credit scoring system used by the group.

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 and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

SFRS(I) 7.B8  
SFRS(I) 7.34(c)  
SFRS(I) 7.35B(c)

Of the trade receivables balance at the end of the year, \$8.3 million (December 31, 2017: \$9.8 million, January 1, 2017: \$7.5 million) is due from Company A, the group's largest customer. Apart from this, the group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

SFRS(I) 7.B10(b)

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

SFRS(I) 7.B10(c)

In addition, the group is exposed to credit risk in relation to financial guarantees given to banks. The group's maximum exposure in this respect is the maximum amount the group could have to pay if the guarantee is called on.

[If there is an amount of loss allowance on financial guarantee contracts provided by the entity, the following is applicable illustrative disclosure:

*As at December 31, 2018, an amount of \$xx (December 31, 2017: \$xx, January 1, 2017: \$xx) has been recognised in the consolidated financial position as loss allowance for the financial guarantee contracts (see Note 28).]*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### 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, except that the credit risk associated with finance lease receivables is mitigated because they are secured over the leased storage equipment. The carrying amount of finance lease receivables amounts to \$79.7 million (December 31, 2017: \$64.2 million, January 1, 2017: \$53.0 million) and the fair value of the leased assets is estimated to be approximately \$79.0 million (December 31, 2017: \$64.0 million, January 1, 2017: \$53.0 million). The group is not permitted to sell or repledge the collateral in the absence of default by the lessee. There has not been any significant changes in the quality of the collaterals held for finance lease receivables. The group has not recognised a loss allowance for the finance lease receivables as a result of these collaterals.

##### **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) specifies 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.

SFRS(I) 7.33  
SFRS(I) 7.39(c)

##### **(vi) Liquidity risk management**

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Treasury Department finances their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. Undrawn facilities are disclosed in Note 27.

##### **Guidance notes**

SFRS(I) 7.34(a)

The tables below include the weighted average effective interest rate and reconciliations to the carrying amounts in the statement 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".

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.34  
SFRS(I) 7.35  
SFRS(I) 7.39(a)

#### Liquidity and interest risk analyses

##### Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have 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. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

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
<u>December 31, 2018</u>						
Non-interest bearing	-	185,107	75	-	-	185,182
Finance lease liability (fixed rate)	8.5	1,655	1,014	-	(276)	2,393
Variable interest rate instruments	7.7	118,273	239,116	-	(69,000)	288,389
Fixed interest rate instruments	7.8	-	114,690	-	(18,000)	96,690
Financial guarantee contracts	-	2,000	-	-	(1,976)	24
		<u>307,035</u>	<u>354,895</u>	<u>-</u>	<u>(89,252)</u>	<u>572,678</u>
<u>December 31, 2017</u>						
Non-interest bearing	-	128,462	-	-	-	128,462
Finance lease liability (fixed rate)	8.8	2,245	1,365	-	(883)	2,727
Variable interest rate instruments	8.2	110,361	373,548	-	(119,000)	364,909
Fixed interest rate instruments	8.0	-	89,394	-	(17,000)	72,394
Financial guarantee contracts	-	1,600	-	-	(1,582)	18
		<u>242,668</u>	<u>464,307</u>	<u>-</u>	<u>(138,465)</u>	<u>568,510</u>
<u>January 1, 2017</u>						
Non-interest bearing	-	106,162	-	-	-	106,162
Finance lease liability (fixed rate)	8.6	2,156	1,353	-	(283)	3,226
Variable interest rate instruments	8.1	29,999	463,220	-	(138,000)	355,219
Fixed interest rate instruments	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-
		<u>138,317</u>	<u>464,573</u>	<u>-</u>	<u>(138,283)</u>	<u>464,607</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 7.B10(c) The amounts included above for financial guarantee contracts are the maximum amounts 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. Based on expectations at the end of the reporting period, the group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Company	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
<u>December 31, 2018</u>						
Non-interest bearing	-	7,065	-	-	-	7,065
Fixed interest rate instruments	7.0	1,250	25,077	-	(2,000)	24,327
		<u>8,315</u>	<u>25,077</u>	<u>-</u>	<u>(2,000)</u>	<u>31,392</u>
<u>December 31, 2017</u>						
Non-interest bearing	-	7,586	-	-	-	7,586
<u>January 1, 2017</u>						
Non-interest bearing	-	10,061	-	-	-	10,061

#### Guidance notes

SFRS(I) 7 clarifies the following:

- SFRS(I) 7 App A • 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.
- SFRS(I) 7.B10A • 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.
- SFRS(I) 7.B10A • 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.
- SFRS(I) 7.B11C(c) • 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.B11E

#### Non-derivative financial assets

The following table details the 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 tables below have been drawn up based on the undiscounted contractual maturities of the 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. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

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
<u>December 31, 2018</u>						
Non-interest bearing	-	113,344	-	-	-	113,344
Finance lease receivables (fixed rate)	11.5	27,526	60,722	-	(11,751)	76,497
Variable interest rate instruments	-	5,177	-	-	-	5,177
Fixed interest rate instruments	4.5	31,500	12,108	-	(1,745)	41,863
		<u>177,547</u>	<u>72,830</u>	<u>-</u>	<u>(13,496)</u>	<u>236,881</u>
<u>December 31, 2017</u>						
Non-interest bearing	-	109,800	-	-	-	109,800
Finance lease receivables (fixed rate)	12.0	21,948	51,913	-	(9,698)	64,163
Variable interest rate instruments	-	604	-	-	-	604
Fixed interest rate instruments	5.1	20,245	12,575	-	(2,300)	30,520
		<u>152,597</u>	<u>64,488</u>	<u>-</u>	<u>(11,998)</u>	<u>205,087</u>
<u>January 1, 2017</u>						
Non-interest bearing	-	77,653	-	-	-	77,653
Finance lease receivables (fixed rate)	11.8	11,291	51,071	-	(9,399)	52,963
Variable interest rate instruments	-	1,804	-	-	-	1,804
Fixed interest rate instruments	4.7	21,280	12,924	-	(3,800)	30,404
		<u>112,028</u>	<u>63,995</u>	<u>-</u>	<u>(13,199)</u>	<u>162,824</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

Company	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
<u>December 31, 2018</u>						
Non-interest bearing	-	91,445	-	-	-	91,445
<u>December 31, 2017</u>						
Non-interest bearing	-	56,542	-	-	-	56,542
<u>January 1, 2017</u>						
Non-interest bearing	-	53,978	-	-	-	53,978

#### Guidance notes

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.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.39(b)

#### Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives 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 end of the reporting period.

<u>Group</u>	<u>On demand or within 1 year</u>	<u>Within 2 to 5 years</u>	<u>After 5 years</u>
	\$'000	\$'000	\$'000
<u>December 31, 2018</u>			
Net settled:			
Interest rate swaps	1,312	2,602	-
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	547,040	-	-
Gross outflow	(546,189)	-	-
	<u>2,163</u>	<u>2,602</u>	<u>-</u>
<u>December 31, 2017</u>			
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	403,573	-	-
Gross outflow	(400,635)	-	-
	<u>2,938</u>	<u>-</u>	<u>-</u>
<u>January 1, 2017</u>			
Gross settled:			
Foreign exchange forward contracts			
Gross inflow	206,800	-	-
Gross outflow	(205,367)	-	-
	<u>1,433</u>	<u>-</u>	<u>-</u>

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

### Guidance notes

SFRS(I) 7.B11B

#### 1. Derivatives

For derivatives, 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.

#### 2. Alternative presentation by narration

The group's derivative financial instruments comprise of interest rate swaps amounting to \$3.9 million (December 31, 2017: \$Nil, January 1, 2017: \$Nil) with contracted net cash inflows due within 1 to 2 years, and foreign exchange forward contracts gross inflow amounting to \$547.0 million (December 31, 2017: \$403.6 million, January 1, 2017: \$206.8 million) and gross outflow amounting \$546.2 million (December 31, 2017: \$400.6 million, January 1, 2017: \$205.4 million) with contracted gross cash flows due within 1 year.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### (vii) Fair value of financial assets and financial liabilities

#### Fair value of the group's financial assets and financial liabilities that are measured at fair value on a recurring basis

#### Group

SFRS(I) 13.93(a),  
(b),(d),(g),(h)(i)

Some of the group's financial assets and financial liabilities are measured at fair value as at each reporting date. 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 inputs used).

Financial assets/ financial liabilities	December 31, 2018		Fair value as at (\$'000) December 31, 2017		January 1, 2017		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities				
<b>Financial assets at fair value through profit or loss (see Note 12)</b>										
1) Held-for-trading equity investments	11,988	-	11,125	-	4,254	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
<b>Derivative financial instruments (see Note 14)</b>										
2) Foreign currency forward contracts	1,124	(273)	2,938	-	1,433	-	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.	n.a.	n.a.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Financial assets/ financial liabilities	December 31, 2018		Fair value as at (\$'000) December 31, 2017		January 1, 2017		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities				
3) Interest rate swaps	3,914	-	-	-	-	-	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.	n.a.	n.a.
<b>Financial assets at fair value through other comprehensive income (see Note 25)</b>										
4) Listed redeemable notes	8,303	-	8,221	-	8,158	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
5) Listed equity shares	13,560	-	13,494	-	13,406	-	Level 1	Quoted bid prices in an active market.	n.a.	n.a.
6) Private equity investments	1,010	-	1,000	-	1,000	-	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.	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 (2017: 4.8 to 5.4% per annum).	A slight increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value (note 1).

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Financial assets/ financial liabilities	December 31, 2018		Fair value as at (\$'000) December 31, 2017		January 1, 2017		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities				
									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 (2017: 5 to 10% per annum).	A significant increase in the long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value.
									Weighted average cost of capital (WACC), determined using a Capital Asset Pricing Model, ranging from 11.9 to 12.5% per annum (2017: 11.2 to 12.1% per annum).	A slight increase in the WACC used in isolation would result in a significant decrease in the fair value (note 2)
									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 (2017: 4 to 19% per annum).	A significant increase in the discount for lack of marketability used in isolation would result in a significant decrease in the fair value.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Financial assets/ financial liabilities	December 31, 2018		Fair value as at (\$'000) December 31, 2017		January 1, 2017		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities				
7) Unquoted corporate bond	512	-	500	-	500	-	Level 2	Discounted cash flow	n.a.	n.a.
<b>Financial assets at fair value through profit or loss (see Note 12)</b>										
8) Venture capital investments (note 2)	1,018	-	1,000	-	975	-	Level 3	Discounted cash flow	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries ranging from 5.5 to 6.1% per annum (2017: 5.5 to 6.1% per annum).	The higher the revenue growth rate, the higher the fair value.
									Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, of 4.3% per annum (2017: 4.3% per annum).	The higher the pre-tax operating margin, the higher the fair value.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Financial assets/ financial liabilities	December 31, 2018		Fair value as at (\$'000) December 31, 2017		January 1, 2017		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities				
<b>Others – contingent consideration in a business combination (see Note 53)</b>										
9) Contingent consideration (note 3)	-	75	-	-	-	-	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.	Discount rate of 13% per annum determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value. (note 2)

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Financial assets/ financial liabilities	December 31, 2018		Fair value as at (\$'000) December 31, 2017		January 1, 2017		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities				
SFRS(I) 13.93(h)(ii)									Probability-adjusted revenues and profits, with a range from \$100,000 to \$150,000 and a range from \$60,000 to \$90,000 respectively.	A slight increase in the probability adjusted revenues and profits used in isolation would result in a significant increase in the fair value. (note 3)

- note 1: If the long-term revenue growth rates used were 10% higher/lower while all the other variables were held constant, the carrying amount of the investment would decrease/increase by \$7,000 (2017: decrease/increase by \$8,000).
- note 2: A 5% increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/increase the carrying amount of the private equity investments and the contingent consideration by \$10,000 and \$3,524 respectively (2017: \$11,000 and \$3,754 respectively).
- note 3: A 5% increase/decrease in the probability-adjusted revenues and profits while holding all other variables constant would increase/decrease the carrying amount of the contingent consideration by \$5,210 (2017: \$6,000).

#### Company

The company had no financial assets or liabilities carried at fair value in 2017 and 2018.

SFRS(I) 13.93(c) There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

#### Guidance notes – Transfers

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.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Fair value of the group's 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, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

Group	December 31, 2018		December 31, 2017		January 1, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>						
Amortised cost:						
Quoted debt securities	25,255	28,750	18,605	18,700	18,577	19,380
Unquoted debt securities	2,293	2,300	2,694	2,850	2,669	2,700
Finance lease receivables	76,497	79,000	64,163	68,000	52,963	61,000

#### Financial Liabilities

Amortised cost:						
Bank loans	358,845	363,000	435,394	435,000	353,000	350,000
Convertible loan notes	24,327	23,700	-	-	-	-

SFRS(I) 13.97  
SFRS(I) 13.93(b)

Group	Fair value hierarchy as at December 31, 2018			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Amortised cost:				
Quoted debt securities	28,750	-	-	28,750
Unquoted debt securities	-	-	2,300	2,300
Finance lease receivables	-	79,000	-	82,000
Total	28,750	79,000	2,300	113,050
<b>Financial Liabilities</b>				
Amortised cost:				
Bank loans	-	363,000	-	363,000
Convertible loan notes	-	23,700	-	23,700
Total	-	386,700	-	386,700

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

	Fair value hierarchy as at December 31, 2017			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Amortised cost:				
Quoted debt securities	18,700	-	-	18,700
Unquoted debt securities	-	-	2,850	2,850
Finance lease receivables	-	68,000	-	68,000
<b>Total</b>	<b>18,700</b>	<b>68,000</b>	<b>2,850</b>	<b>89,550</b>

#### Financial Liabilities

Amortised cost:				
Bank loans	-	435,000	-	435,000
Convertible loan notes	-	-	-	-
<b>Total</b>	<b>-</b>	<b>435,000</b>	<b>-</b>	<b>435,000</b>

	Fair value hierarchy as at January 1, 2017			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Amortised cost:				
Quoted debt securities	19,380	-	-	19,380
Unquoted debt securities	-	-	2,700	2,700
Finance lease receivables	-	61,000	-	61,000
<b>Total</b>	<b>19,380</b>	<b>61,000</b>	<b>2,700</b>	<b>83,080</b>

#### Financial Liabilities

Amortised cost:				
Bank loans	-	350,000	-	350,000
Convertible loan notes	-	-	-	-
<b>Total</b>	<b>-</b>	<b>350,000</b>	<b>-</b>	<b>350,000</b>

#### Guidance notes

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 purpose only.

SFRS(I) 13.97  
SFRS(I) 13.93(d)

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### SFRS(I) 13.93(e) Reconciliation of Level 3 fair value measurements

Group	Financial assets at FVTPL	Financial assets at FVTOCI	Total
	(Unquoted equities) \$'000	(Unquoted equities) \$'000	
<b>2018</b>			
Opening balance	1,000	1,000	2,000
Total gains or losses			
- In profit or loss #	12	-	12
- In other comprehensive income	-	46	46
Purchases	6	-	6
Issues	-	-	-
Disposals/settlements	-	(36)	(36)
Transfers out of Level 3	-	-	-
Closing balance	1,018	1,010	2,028
SFRS(I) 13.93(f) Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	12	-	12
<b>2017</b>			
Opening balance	975	1,000	1,975
Total gains or losses			
- In profit or loss #	25	-	25
- In other comprehensive income	-	47	47
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	(47)	(47)
Transfers out of Level 3	-	-	-
Closing balance	1,000	1,000	2,000
SFRS(I) 13.93(f) Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	25	-	25

SFRS(I) 13.93(e)(i) # Included as part of "other gains and losses" in profit or loss.

SFRS(I) 13.93(e)(ii) All gains and losses included in other comprehensive income relate to unlisted shares held at the end of the reporting period and are reported as changes of "investments revaluation reserves".

The table above only includes financial assets. The only financial liabilities subsequently measured at fair value on Level 3 fair value measurement represent contingent consideration related to acquisition of Huiji Electronic Systems (China) Limited (see Note 53.1). No gain or loss for the year related to this contingent liability has been recognised in the consolidated statement of profit or loss and other comprehensive income.

#### Guidance notes

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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-1.134  
SFRS(I) 1-1.135

#### (d) 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 2017.

The capital structure of the group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The group is not subject to any externally imposed capital requirements.

#### Guidance notes

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 a 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, 2018 of xx% (see below) was at the lower end of the target range, and has returned to a more typical level of yy% after the end of the reporting period.

#### Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Debt (i)	xxx	xxx	xxx
Cash and bank balances (including cash and bank balances in a disposal group held for sale)	(xxx)	(xxx)	(xxx)
Net debt	xxx	xxx	xxx
Equity (ii)	xxx	xxx	xxx
Net debt to equity ratio	xx%	xx%	xx%

(i) Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts), as described in Notes 27 and 33.

(ii) Equity includes all capital and reserves of the group that are managed as capital.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

#### 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(2007) 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.

SFRS(I) 1-1.135(a)(i),(ii)(ii) An example of disclosures required by SFRS(I) 1-1.134 and 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 it will be able to continue as a going concern, to maximise 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 debt, which includes borrowings disclosed in Note 27, issued capital, reserves and retained earnings. 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, 2018 and 2017.*

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 2017.*

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]*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 5. Holding company and related company transactions

SFRS(I) 1-24.13 The company is a subsidiary of GAAP Holdings Ltd, incorporated in the Republic of Singapore, which is also the company's  
SFRS(I) 1-1.138(c) ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies.

#### Guidance notes

SFRS(I) 1-24.13

#### Disclosure of name of ultimate controlling party

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 between members of the group and the effect of these on the  
basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured,  
interest-free and repayable on demand unless otherwise stated.

#### Trading transactions

SFRS(I) 1-24.18 During the year, group entities entered into the following trading transactions with related companies that are not members  
SFRS(I) 1-24.19 of the group:

	Sale of goods		Purchases of goods	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
GAAP Holdings Ltd	693	582	439	427
Subsidiaries of GAAP Holdings Ltd	1,289	981	897	883

	Amounts owed by related companies			Amounts owed to related companies		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GAAP Holdings Ltd	209	198	194	231	139	111
Subsidiaries of GAAP Holdings Ltd	398	323	303	149	78	69

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

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 guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related companies.
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 \$0.18 million (2017: \$0.16 million) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments of GAAP Holdings Ltd.

### 6. Other related party transactions

SFRS(I) 1-24.18 SFRS(I) 1-24.19	Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.
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During the year, group entities entered into the following trading transactions with related parties:

	Sale of goods		Purchases of goods	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Associates	398	291	-	-
Joint ventures of an investor who has significant influence over the group	-	-	200	198

	Amounts owed by related companies			Amounts owed to related companies		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Associates	85	152	173	-	-	-
Joint ventures of an investor who has significant influence over the group	-	-	-	-	-	-

The group also has a commitment to inject capital of up to \$1 million (2017: \$1 million) into its associate.

SFRS(I) 1-24.23	Sale of goods to related parties were made at the group's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased.
SFRS(I) 1-24.18(b)	The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received except that the convertible loan notes (Note 33) issued during the year is secured by a personal guarantee of one of the directors. No charge has been made for this guarantee.
SFRS(I) 1-24.18(c),(d)	No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### 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.

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:

<u>Group</u>	<u>2018</u> \$'000	<u>2017</u> \$'000
Short-term benefits	13,681	10,270
Post-employment benefits	1,602	1,391
Other long-term benefits	1,153	1,769
Share-based payments	949	863
	<u>17,385</u>	<u>14,293</u>

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.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

LM 1207(12)-(15)

### 3. Directors' and key executives' remuneration

Where the company is listed, other than the disclosures required by SFRS(I) 1-24, the following are required disclosures in the annual report (i.e. not necessarily in the financial statements):

- The issuer should make disclosure as recommended in the Code of Corporate Governance, or otherwise disclose and explain any deviation from the recommendation.  
*[Note - The requirements of the Code of Corporate Governance are reproduced below]*
- The remuneration must include all forms of remuneration from the issuer and any of its subsidiaries. In deciding whether an item or benefit is to be included in the remuneration, regard shall be given to the taxability of that item.
- The value of an item or benefit must be disclosed as the original cost or value of the amount or benefit, and not the taxable value to the recipient.
- If a person served in the capacity of a director or key executive for any part of a financial period, disclosure is required of the person's actual remuneration for the period that the person had served as a director or key executive.

The requirements of the Code of Corporate Governance (2012) on disclosure of remuneration are reproduced below:

#### Principle

CCG.9

9. Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

#### Guidelines

CCG.9.1

9.1. The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual directors' statement. It should be the main means through which the company reports to shareholders on remuneration matters.

The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).

CCG.9.2

9.2. The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

CCG.9.3

9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

- CCG.9.4 9.4. For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000. The company need only show the applicable bands.
- CCG.9.5 9.5. The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.
- CCG.9.6 9.6. For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.

SFRS(I) 1-7.45

### 7. Cash and cash equivalents

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Cash at bank	5,177	604	1,804	2,022	603	238
Fixed deposits	5,500	500	500	-	-	-
Cash on hand	82	71	70	52	44	44
	10,759	1,175	2,374	2,074	647	282
Less: Bank overdrafts (Note 27)	(1,907)	(1,909)	(2,219)	-	-	-
Add: Cash and cash equivalents included in a disposal group held-for-sale	-	-	-	-	-	-
Cash and cash equivalents in the statement of cash flows	8,852	(734)	155	2,074	647	282

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.6,7.7

### 8. Trade and other receivables

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Trade receivables	93,027	113,486	81,129	-	-	-
Loss allowance	(3,996)	(4,430)	(4,216)	-	-	-
	89,031	109,056	76,913	-	-	-
Deferred consideration from the disposal of GAAP Playsystems Limited (Note 52)	23,539	-	-	-	-	-
Other receivables due from holding company (Note 5)	209	198	194	-	-	-
Other receivables due from related companies (Note 5)	398	323	303	-	-	-
Other receivables due from associates (Notes 5 and 23)	85	152	173	-	-	-
Other receivables due from subsidiaries (Notes 5 and 22)	-	-	-	89,371	55,895	53,696
	113,262	109,729	77,583	89,371	55,895	53,696

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

#### 8.1 Trade receivables

SFRS(I) 7.35G

The average credit period on sale of goods is 60 days (2017: 60 days). No interest is charged on the trade receivables for the first 60 days from the date of the invoice. Thereafter, interest is charged at 2% (2017: 2%) per annum on the outstanding balance. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

SFRS(I) 7.35G(c)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

SFRS(I) 7.35F(e)  
SFRS(I) 7.35L

A trade receivable is written off 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. None of the trade receivables that have been written off is subject to enforcement activities.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.35M  
SFRS(I) 7.35N,  
SFRS(I) 9.B5.5.35

The following table details the risk profile of trade receivables from contracts with customers based on the group's provision matrix. 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 base.

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).

December 31, 2018	Group Trade receivables – days past due						
	Not past due	< 30 days	31 – 60	61 – 90	91 – 120	> 120 days	Total
	\$'000	\$'000	days	days	days	\$'000	\$'000
Expected credit loss rate	1%	5%	10%	30%	50%	100%	
Estimated total gross carrying amount at default	87,525	580	420	857	1,704	1,941	93,027
Lifetime ECL	(875)	(29)	(42)	(257)	(852)	(1,941)	<u>(3,996)</u> <u>89,031</u>

December 31, 2017	Group Trade receivables – days past due						
	Not past due	< 30 days	31 – 60	61 – 90	91 – 120	> 120 days	Total
	\$'000	\$'000	days	days	days	\$'000	\$'000
Expected credit loss rate	1%	5%	10%	30%	50%	100%	
Estimated total gross carrying amount at default	107,225	2,017	283	486	784	2,691	113,486
Lifetime ECL	(1,072)	(101)	(28)	(146)	(392)	(2,691)	<u>(4,430)</u> <u>109,056</u>

January 1, 2017	Group Trade receivables – days past due						
	Not past due	< 30 days	31 – 60	61 – 90	91 – 120	> 120 days	Total
	\$'000	\$'000	days	days	days	\$'000	\$'000
Expected credit loss rate	1%	5%	10%	30%	50%	100%	
Estimated total gross carrying amount at default	71,963	2,969	1,286	985	2,006	1,920	81,129
Lifetime ECL	(720)	(148)	(129)	(296)	(1,003)	(1,920)	<u>(4,216)</u> <u>76,913</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 9.5.5.2  
SFRS(I) 7.35H

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	Lifetime ECL – not credit-impaired			Total \$'000
	Collectively assessed	Individually assessed	Lifetime ECL – credit- impaired	
	\$'000	\$'000	\$'000	
Balance as at January 1, 2017	-	1,380	2,836	4,216
Transfer to credit-impaired	-	(257)	257	-
Transfer from credit-impaired	-	-	-	-
Net re-measurement of loss allowance	-	54	162	216
Amounts written off	-	-	(20)	(20)
Amounts recovered	-	-	-	-
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	115	(97)	18
Foreign exchange gains or losses	-	-	-	-
Changes in credit risk parameters	-	-	-	-
Balance as at December 31, 2017	-	1,292	3,138	4,430
Transfer to credit-impaired	-	(65)	65	-
Transfer from credit-impaired	-	-	-	-
Net re-measurement of loss allowance	-	37	28	65
Amounts written off	-	-	(460)	(460)
Amounts recovered	-	-	-	-
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	48	(87)	(39)
Foreign exchange gains or losses	-	-	-	-
Changes in credit risk parameters	-	-	-	-
Balance as at December 31, 2018	-	1,312	2,684	3,996

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.35B(b)  
SFRS(I) 7.35I The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Group December 31, 2018	
	Increase (Decrease) in lifetime ECL	
	Not credit-impaired \$'000	Credit-impaired \$'000
One customer's account went from within 90 days past due as at January 1, 2018 to over 120 days past due as at December 31, 2018	(61)	80
Customer declared bankruptcy	-	(460)
Settlement in full by customers that were over 120 days past due	-	(87)
Origination of new trade receivables net of those settled, as well as increase in days past due up to 90 days	85	-
	<u>85</u>	<u>-</u>

	Group December 31, 2017	
	Increase (Decrease) in lifetime ECL	
	Not credit-impaired \$'000	Credit-impaired \$'000
Three customers' accounts went from within 90 days past due as at January 1, 2017 to over 120 days past due as at December 31, 2017	(250)	400
Settlement in full by customers that were over 90 days past due	-	(97)
Origination of new trade receivables net of those settled, as well as increase in days past due up to 90 days	169	-
	<u>169</u>	<u>-</u>

#### 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:

- a) the portfolio composition;
- b) the volume of financial instruments purchased or originated; and
- c) the severity of the expected credit losses.

#### 8.2 Deferred consideration and other receivables

SFRS(I) 7.35G  
SFRS(I) 7.35H  
SFRS(I) 7.35M

For purpose of impairment assessment, the deferred consideration and other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

SFRS(I) 7.35G(c)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred consideration and other receivables.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

The following table shows the movement in expected credit losses (ECL) that has been recognised for the deferred consideration and other receivables.

<u>Group</u>	12-month ECL Financial assets at amortised cost \$'000
Balance as at January 1, 2017	-
SFRS(I) 7.35B(b) SFRS(I) 7.35I Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	-
Changes in credit risk parameters	-
Balance as at December 31, 2017	-
SFRS(I) 7.35B(b) SFRS(I) 7.35I Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	-
Changes in credit risk parameters	-
Balance as at December 31, 2018	-

#### Guidance notes – Derecognition of trade receivables

Below is an illustrative disclosure applicable to entities that have factored their trade receivables with recourse.

#### Disclosures based on SFRS(I) 7 Financial Instruments: Disclosures

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 i.e. where an asset is transferred but is not derecognised.

*During the period, the group transferred \$xx (2017: \$xx) of trade receivables to an unrelated entity. As part of the transfer, the group provided the transferors 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 \$xx million. The carrying amount of the associated liability is \$xx.*

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:

	<u>Group</u>		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Transferred trade receivables – at fair value	xxx	xxx	xxx
Secured borrowings (Note X) – at fair value	yyy	yyy	yyy
Net position	zzz	zzz	zzz

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 9. Contract assets

		Group		
		December 31, 2018	December 31, 2017	January 1, 2017
		\$'000	\$'000	\$'000
SFRS(I) 15.116(a)	Construction contracts	12,747	12,165	10,716
	Installation of software services	2,011	1,874	1,459
		<u>14,758</u>	<u>14,039</u>	<u>12,175</u>
	Loss allowance	(148)	(141)	(122)
		<u>14,610</u>	<u>13,898</u>	<u>12,053</u>
	Analysed as:			
	Current	14,610	13,898	12,053
	Non-current	-	-	-
		<u>14,610</u>	<u>13,898</u>	<u>12,053</u>

SFRS(I) 15.117 Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the group receives payments from customers in line with a series of performance – related milestones. The group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

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 to represent the group's right to consideration for the services transferred to date.

SFRS(I) 15.118 There were no significant changes in the contract asset balances during the reporting period.

#### Guidance notes

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) 7.34(a)  
SFRS(I) 7.35G Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

SFRS(I) 7.35G(c) There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.35M  
SFRS(I) 7.35N  
SFRS(I) 9.B5.5.35

The following table details the risk profile of contract assets based on the group's provision matrix. As the group's historical credit loss experience does not shows 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 base.

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Expected credit loss rate	1%	1%	1%
Estimated total gross carrying amount at default - amounts not past due	14,758	14,039	12,175
Lifetime ECL	(148)	(141)	(122)
Net carrying amount	<u>14,610</u>	<u>13,898</u>	<u>12,053</u>

SFRS(I) 7.35H

The following table shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in SFRS(I) 9.

	Group	
	2018	2017
	\$'000	\$'000
Balance at beginning of year	141	122
Net increase in loss allowance arising from new amounts recognised in current year, net of those derecognised upon billing	7	19
Balance at end of year	<u>148</u>	<u>141</u>

## 10. Contract costs

SFRS(I) 15.128(a)

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Costs to obtain contracts	<u>149</u>	<u>135</u>	<u>110</u>

Costs to obtain contracts relate to incremental commission fees of 2% paid to intermediaries as a result of obtaining residential property sales contracts.

SFRS(I) 15.127(a)  
SFRS(I) 15.127(b)  
SFRS(I) 15.128(b)

These costs are amortised on a straight-line basis over the period of construction (in general, 2 years) as this reflects the period over which the residential property is transferred to the customer. In 2018, amortisation amounting to \$81,000 (2017: \$55,000) was recognised as part of the cost of inventories recognised in profit or loss. There was no impairment loss in relation to the costs capitalised.

### Guidance notes – Practical expedient on incremental costs of obtaining a contract

SFRS(I) 15.94

As a practical expedient, incremental costs of obtaining a contract may be expensed off when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

SFRS(I) 15.129

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

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 11. Finance lease receivables

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SFRS(I) 1-17.47(a) Amounts receivable under finance leases:						
Within one year	27,526	21,948	11,291	24,713	19,674	10,474
In the second to fifth year inclusive	60,722	51,913	51,071	51,784	44,489	42,489
	88,248	73,861	62,362	76,497	64,163	52,963
SFRS(I) 1-17.47(b) Less: Unearned finance income	(11,751)	(9,698)	(9,399)	n.a.	n.a.	n.a.
Present value of minimum lease payments receivable	76,497	64,163	52,963	76,497	64,163	52,963
SFRS(I) 1-17.47(d) Loss allowance for uncollectible lease payments	-	-	-	-	-	-
Present value of minimum lease payments receivable	76,497	64,163	52,963	76,497	64,163	52,963

Analysed as:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
SFRS(I) 1-1.61 Current finance lease receivables (recoverable within 12 months)	24,713	19,674	10,474
Non-current finance lease receivables (recoverable after 12 months)	51,784	44,489	42,489
	76,497	64,163	52,963

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

SFRS(I) 1-17.47(f) SFRS(I) 7.7 The group enters into finance leasing arrangements for certain of its electronic equipment. The average term of finance leases entered into is 4 years.

SFRS(I) 1-17.47(c) Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at \$0.37 million (December 31, 2017: \$0.25 million, January 1, 2017: \$0.21 million).

SFRS(I) 7.7 The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 11.5% (2017: 12%) per annum.

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

- SFRS(I) 7.15 Finance lease receivable balances are secured over the equipment leased. The group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the group is entitled sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.
- SFRS(I) 7.34(a) The loss allowance on finance lease receivables at the end of the reporting period is estimated at an amount equal to lifetime expected credit losses (ECL). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the group considers that no finance lease receivables is impaired.
- SFRS(I) 7.35G(c) There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

### SFRS(I) 7.6,7.7 **12. Financial assets at fair value through profit or loss**

	<u>Group</u>		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
SFRS(I) 7.8(a) <b>Financial assets designated as at FVTPL:</b> <i>[Describe]</i>	-	-	-
SFRS(I) 7.8(a) <b>Financial assets mandatorily measured at FVTPL:</b>			
Held for trading derivatives that are not designated in hedging relationships	-	-	-
Held for trading non-derivative financial assets			
- quoted equity securities (current)	11,988	11,125	4,254
- unquoted equity securities (non-current)	1,018	1,000	975
	<u>13,006</u>	<u>12,125</u>	<u>5,229</u>

The investments above include investments in quoted equity securities that offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Unquoted equity investments comprise of venture capital investments in 2 entities (2017: 2) which represent less than 20% shareholdings in each entities. These investments are measured at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*, as they represent an identified portfolio of investments which the group manages together with an intention of profit taking when the opportunity arises.

Changes in the fair value of financial assets at fair value through profit or loss, amounting to \$12,000 (2017: \$25,000) have been included in profit or loss for the year as part of "other gains and losses".

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.6,7.7 **13. Other financial assets at amortised cost**

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
SFRS(I) 7.8(f)	25,255	18,605	18,577
SFRS(I) 7.8(f)	2,293	2,694	2,669
	<u>27,548</u>	<u>21,299</u>	<u>21,246</u>

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

The average effective interest rate of the quoted debt securities is 1.13% (2017: 1.00%) per annum.

As at December 31, 2018, the quoted debt securities have nominal values amounting to \$25 million (December 31, 2017: \$19 million, January 1, 2017: \$19 million), with coupon rates ranging from 0.75% to 1.25% (December 31, 2017: 0.83% to 1.18%, January 1, 2017: 0.70% to 1.13%) per annum and mature within 12 months.

As at December 31, 2018, the unquoted debt securities have nominal values amounting to \$2.3 million (December 31, 2017: \$2.7 million, January 1, 2017: \$2.7 million), with coupon rates ranging from 0.05% to 2.13% (December 31, 2017: 0.06% to 2.20%, January 1, 2017: 0.10% to 2.30%) per annum and maturity dates ranging from September 7, 2020 to July 11, 2022.

SFRS(I) 7.35G  
SFRS(I) 7.35H  
SFRS(I) 7.35M For purpose of impairment assessment, the investments in debt securities are considered to have low credit risk as the counterparties to these instruments have a minimum BBB- credit rating. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

SFRS(I) 7.35G(c) There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 9.5.5.2  
SFRS(I) 7.35H Impairment gain or loss on financial instruments measured at amortised cost is recognised in profit or loss, with a corresponding adjustment to their carrying amount through the loss allowance account. The following table shows the movement in expected credit losses (ECL) that has been recognised for the respective financial assets.

<u>Group</u>		12-month ECL Debt instruments at amortised cost \$'000
	Balance as at January 1, 2017	-
SFRS(I) 7.35B(b) SFRS(I) 7.35I	Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	-
	Changes in credit risk parameters	-
	Balance as at December 31, 2017	-
SFRS(I) 7.35B(b) SFRS(I) 7.35I	Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	-
	Changes in credit risk parameters	-
	Balance as at December 31, 2018	-

### SFRS(I) 7.6,7.7 **14. Derivative financial instruments**

		Group					
		December 31, 2018		December 31, 2017		January 1, 2017	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SFRS(I) 7.8(a)	Forward foreign exchange contracts						
	- Designated in hedge accounting relationships	1,124	(273)	2,938	-	1,433	-
	- Not designated in hedge accounting relationships	-	-	-	-	-	-
		1,124	(273)	2,938	-	1,433	-
SFRS(I) 7.8(a)	Interest rate swaps, designated in hedge accounting relationships	3,914	-	-	-	-	-
		5,038	(273)	2,938	-	1,433	-
	Analysed as:						
	Current	2,436	(273)	2,938	-	1,433	-
	Non-current	2,602	-	-	-	-	-
		5,038	(273)	2,938	-	1,433	-

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.33  
SFRS(I) 7.34

#### Forward foreign exchange contracts

The group enters into forward foreign exchange contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions.

SFRS(I) 7.22B

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the forward foreign exchange 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.

SFRS(I) 7.23D  
SFRS(I) 7.23E

[Disclose the sources of hedge ineffectiveness in the hedging relationship by risk category, if any.]

SFRS(I) 7.23B  
SFRS(I) 7.24A(b)

The following tables detail the forward foreign currency (FC) contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Forward foreign currency contract assets and liabilities are included in the "derivative financial instruments" line item in the consolidated statement of financial position:

SFRS(I)  
7.24A(a),(c),(d)

#### Hedging instruments - outstanding contracts

##### Cash flow hedges

Group

##### December 31, 2018

	Average exchange rate	Notional value : Foreign currency FC'000	Notional value : Local currency \$'000	Change in fair value used for calculating hedge ineffectiveness \$'000	Fair value assets (liabilities) \$'000
Sell US dollars					
Less than 3 months	1.5	333,333	500,000	183	1,124
Buy Euro					
Less than 3 months	2.1	22,400	47,040	(28)	(273)
				<u>155</u>	<u>851</u>

##### December 31, 2017

Sell US dollars					
Less than 3 months	1.6	187,500	300,000	637	2,673
Buy Euro					
Less than 3 months	2.1	49,320	103,573	49	265
				<u>686</u>	<u>2,938</u>

##### January 1, 2017

Sell US dollars					
Less than 3 months	1.4	125,000	200,000	n.a.	1,298
Buy Euro					
Less than 3 months	2.0	3,200	6,800	n.a.	135
				<u>n.a.</u>	<u>1,433</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.24B(b)	<b>Hedged items</b>	Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve/foreign currency translation reserve for continuing hedges			Balance in cash flow hedge reserve/foreign currency translation reserve arising from hedging relationships for which hedge accounting is no longer applied		
		2018	2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flow hedges</b>									
<u>Group</u>									
	Forecast sales (i)	(183)	(637)	1,344	1,798	1,237	-	-	-
	Forecast purchases (ii)	28	(49)	24	78	53	-	-	-
		(155)	(686)	1,368	1,876	1,290	-	-	-

SFRS(I) 7.21A

(i) The group has entered into contracts to supply electronic equipment to customers in the United States. The group has entered into forward foreign exchange contracts (for terms not exceeding 3 months) to hedge the exchange rate 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 has entered into contracts to purchase raw materials from suppliers in Europe. The group has entered into forward foreign exchange contracts (for terms not exceeding 3 months) to hedge the exchange rate risk arising from these anticipated future purchases. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchase, at which time the amount deferred in equity will be reclassified to profit or loss as part of the cost of inventories sold.

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)	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
	2018	2017	2018	2017	
	\$'000	\$'000	\$'000	\$'000	
<b>Cash flow hedges</b>					
<u>Group</u>					
	Forecast sales	183	637	-	- Other gains and losses
	Forecast purchases	(28)	49	-	- Other gains and losses
		155	686	-	-

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.24C(b)	Amount reclassified to profit or loss		Line item in profit or loss in which reclassification adjustment is included	Amount reclassified to profit or loss		Line item in profit or loss in which reclassification adjustment is included
	Due to hedged future cash flows being no longer expected to occur (i)			Due to hedged item affecting profit or loss		
	2018	2017		2018	2017	
	\$'000	\$'000		\$'000	\$'000	
<b>Cash flow hedges</b>						
<u>Group</u>						
Forecast sales	(85)	-	- Other gains and losses	(594)	(78)	Revenue
Forecast purchases	-	-	- Other gains and losses	16	(22)	Cost of inventories
	<u>(85)</u>	<u>-</u>		<u>(578)</u>	<u>(100)</u>	

SFRS(I) 7.23F (i) At the start of the third quarter of 2018, the group reduced its forecast on sales to United States due to increased local competition and higher shipping costs. The group has 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 hedging reserve to profit or loss.

#### Guidance notes – Information on forward foreign currency contracts

SFRS(I) 7.34(a) The table above provides an example of summary quantitative data about exposure to foreign exchange risks and the use of forward foreign currency contracts at the end of the reporting period that an entity may provide internally to key management personnel.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.22A  
SFRS(I) 7.22B  
SFRS(I) 7.33  
SFRS(I) 7.34

#### 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 end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period 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

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  
SFRS(I) 7.23B  
SFRS(I) 7.24A(b)

[Disclose the sources of hedge ineffectiveness in the hedging relationship by risk category, if any.]

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the "derivative financial instruments" line item in the consolidated statement of financial position.

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	Fair value assets (liabilities)
%	FC'000	\$'000	\$'000

#### Cash flow hedges

Group

December 31, 2018

1 to 2 years

7	200,000	1,779	3,914
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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 for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
2018	December 31, 2018	December 31, 2018
\$'000	\$'000	\$'000

#### Cash flow hedges

Group

Variable rate borrowings

(1,779)	1,584	-
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# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

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)	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		Line item in profit or loss in which reclassification adjustment is included	
				Due to hedged future cash flows being no longer expected to occur			Due to hedged item affecting profit or loss
				2018	2018		
	\$'000	\$'000		\$'000	\$'000		

#### **Cash flow hedges**

##### Group

Variable rate borrowings	1,779	Other gains and - losses	-	(195)	Finance costs
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#### **Guidance notes – Information on interest rate swaps**

SFRS(I) 7.34(a)

The tables above provide an example of summary quantitative data about exposure to interest rate risks and the use of interest rate swaps at the end of the reporting period that an entity may provide internally to key management personnel.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore interbank rate. The group will settle the difference between the fixed and floating interest rate on a net basis.

SFRS(I) 7.21A  
SFRS(I) 7.22A  
SFRS(I) 7.22B

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

SFRS(I) 1-2.36(b) **15. Inventories**

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
SFRS(I) 1-2.37	84,457	80,504	58,165
SFRS(I) 1-2.37	2,578	1,893	1,470
SFRS(I) 1-2.37	29,927	25,523	18,357
	116,962	107,920	77,992
Classified as part of a disposal group held for sale (Note 17)	202	-	-
	<u>117,164</u>	<u>107,920</u>	<u>77,992</u>

SFRS(I) 1-2.36(e),(f),(g) The cost of inventories recognised as an expense includes \$2.34 million (2017: \$1.86 million,) in respect of write-downs of inventory to net realisable value, and has been reduced by \$0.5 million (2017: \$0.4 million) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales price in certain markets.

SFRS(I) 1-1.61 Inventories of \$1.29 million (December 31, 2017: \$0.86 million, January 1, 2017: \$1.07 million) are expected to be recovered after more than twelve months.

SFRS(I) 1-2.36(h) Inventories with carrying amounts of \$26 million (December 31, 2017: \$19.3 million, January 1, 2017: \$16.1 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 \$xxx, being part of an inventory write-down made in 2017, to the current year profit or loss. The reversal is included in "Cost of Sales".*

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

### 16. Right to returned goods asset

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
SFRS(I) 15.B21(c)	626	672	604

SFRS(I) 15.126(d) The right to returned goods asset represents the group's right to recover products from customers where customers exercise their right of return under the group's 30-day returns policy. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 5.41

### 17. Assets classified as held for sale

On December 20, 2018, management 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 twelve months, have been classified as a disposal group held for sale and are presented separately in the statement of financial position. The operations are included in the group's electronic equipment activities for segment reporting purposes (Note 43).

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

SFRS(I) 5.38

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	<u>Group</u> <u>2018</u> \$'000
Goodwill	22
Property, plant and equipment	1,698
Inventories	<u>202</u>
Total assets classified as held for sale	1,922
Trade and other payables, and total liabilities directly associated with assets classified as held for sale	<u>(247)</u>
Net assets of disposal group	<u>1,675</u>

SFRS(I) 1-2.36(c)

#### Guidance notes – Assets classified as held for sale

SFRS(I) 5.41(d)

3. For an entity presenting segment information in accordance with SFRS(I) 8 *Operating Segments*, the entity discloses the reportable segment in which the non-current asset (or disposal group) is presented in accordance with SFRS(I) 8.
4. 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. 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 *Financial Instruments*).

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 18. Property, plant and equipment

	Leasehold land and buildings at revalued amount	Properties under construction at cost	Plant and equipment at cost	Total	
	\$'000	\$'000	\$'000	\$'000	
<u>Group</u>					
<b>Cost or valuation:</b>					
SFRS(I) 1- 16.73(d),(e)	At January 1, 2017	448,096	74,002	77,322	599,420
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, 2017	433,782	77,700	102,287	613,769
	Additions	-	7,260	65,785	73,045
	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	40,060	-	-	40,060
	At December 31, 2018	475,945	84,960	145,736	706,641
SFRS(I) 1-16.73(a)	Comprising:				
	January 1, 2017				
	At cost	-	74,002	77,322	151,324
SFRS(I) 13.93(e)	At valuation	448,096	-	-	448,096
SFRS(I) 1-16.77		448,096	74,002	77,322	599,420
	December 31, 2017				
	At cost	-	77,700	102,287	179,987
SFRS(I) 13.93(e)	At valuation	433,782	-	-	433,782
SFRS(I) 1-16.77		433,782	77,700	102,287	613,769
	December 31, 2018				
	At cost	-	84,960	145,736	230,696
SFRS(I) 13.93(e)	At valuation	475,945	-	-	475,945
SFRS(I) 1-16.77		475,945	84,960	145,736	706,641

#### 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:

- 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
- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

	Leasehold land and buildings at revalued amount \$'000	Properties under construction at cost \$'000	Plant and equipment at cost \$'000	Total \$'000
<u>Group</u>				
<b>Accumulated depreciation</b>				
At January 1, 2017	-	-	39,681	39,681
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, 2017	-	-	46,927	46,927
Depreciation	13,172	-	16,345	29,517
Exchange differences	51	-	927	978
Eliminated on disposal of a subsidiary	-	-	(12,277)	(12,277)
Eliminated on disposals	-	-	(5,614)	(5,614)
Assets reclassified as held for sale	-	-	(1,702)	(1,702)
Eliminated on revaluation	(13,223)	-	-	(13,223)
At December 31, 2018	-	-	44,606	44,606
<b>Impairment:</b>				
SFRS(I) 1-36.126(a) Impairment loss recognised in the year ended December 31, 2018 and balance at December 31, 2018	-	-	4,130	4,130
<b>Carrying amount:</b>				
At December 31, 2018	475,945	84,960	97,000	657,905
At December 31, 2017	433,782	77,700	55,360	566,842
At January 1, 2017	448,096	74,002	37,641	559,739
SFRS(I) 1-36.130(a)-(g)	During the year, the group carried out a review of the recoverable amount of its manufacturing plant and equipment, having regard to its ongoing programme of modernisation and the introduction of new product lines. These assets are used in the group's electronic goods segment <sup>(3)</sup> . The review led to the recognition of an impairment loss of \$4.13 million (2017: \$Nil) that has been recognised in profit or loss, and included in the line item [depreciation and amortisation expense/cost of sales]. The group estimated the fair value less costs of disposal of the manufacturing plant and equipment, which is based on the recent market prices of assets with similar age and obsolescence. The fair value less costs of disposal is less than the value in use and hence the recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate used in measuring value in use was 9% per annum. No impairment assessment was performed in 2017 as there was no indication of impairment.			
SFRS(I) 1-36.126(a)				
SFRS(I) 1-17.31(a)	The carrying amount of the group's plant and equipment includes an amount of \$2.55 million (December 31, 2017: \$1.40 million, January 1, 2017: \$0.96 million) secured in respect of assets held under finance leases.			
SFRS(I) 1-16.74(a)	The group has pledged land and buildings having a carrying amount of approximately \$370 million (December 31, 2017: \$320 million, January 1, 2017: \$330 million) to secure banking facilities granted to the group.			

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Fair value measurement of the group's leasehold land and buildings

SFRS(I) 1-  
16.77(a),(b)

The group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the group's leasehold land and buildings as at December 31, 2018, December 31, 2017 and January 1, 2017 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 the properties in the relevant locations.

SFRS(I) 13.91(a)  
SFRS(I) 13.93(d)  
SFRS(I) 13.93(h)(i)

The fair value of the leasehold 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 (2017: approximately \$xx million), and a depreciation factor applied to the estimated construction cost of approximately xx% (2017: 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.*] There has been no change to the valuation technique during the year.

SFRS(I)  
13.93(a),(b)

Details of the group's leasehold land and buildings and information about the fair value hierarchy as at December 31, 2018, December 31, 2017 and January 1, 2017 (date of transition to SFRS(I)s) are as follows:

	Level 1	Level 2	Level 3	Fair value as at December 31, 2018
	\$'000	\$'000	\$'000	\$'000
Leasehold land	-	-	421,100	421,100
Buildings	-	-	54,845	54,845
	-	-	475,945	475,945

	Level 1	Level 2	Level 3	Fair value as at December 31, 2017
	\$'000	\$'000	\$'000	\$'000
Leasehold land	-	-	359,200	359,200
Buildings	-	-	74,582	74,582
	-	-	433,782	433,782

	Level 1	Level 2	Level 3	Fair value as at January 1, 2017
	\$'000	\$'000	\$'000	\$'000
Leasehold land	-	-	373,251	373,251
Buildings	-	-	74,845	74,845
	-	-	448,096	448,096

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### Guidance notes

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) 13.93(c) There were no transfers between Level 1 and Level 2 during the year.

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).*]

##### Guidance notes – Property, plant and equipment

LM 1207(11)(a)

##### 1. Details of properties

Where the company is listed, in respect of land and buildings, a breakdown in value in terms of freehold and leasehold shall be disclosed 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. 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 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) 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.

SFRS(I) 1-36.130(c)(ii)

##### 2. Impairment disclosures

An entity that reports segment information in accordance with SFRS(I) 8 *Operating Segments* discloses the reportable segment that the asset belongs to.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 19. Investment property

		Group	
		2018	2017
		\$'000	\$'000
SFRS(I) 1-40.76	<b>At fair value</b>		
	Balance at beginning of year	11,409	11,299
	Additions through subsequent expenditure	-	-
	Acquisitions through business combinations	-	-
	Other acquisitions	-	-
	Disposals	-	-
	Property reclassified as held for sale	-	-
	Gain from fair value adjustments included in profit or loss	500	-
	Net foreign currency exchange differences	91	110
	Transfers	-	-
	Other changes	-	-
	Balance at end of year	<u>12,000</u>	<u>11,409</u>
SFRS(I) 13.93(e)	These include the following related to investment properties classified under Level 3 of the fair value hierarchy:		
	Gain from fair value adjustments included in profit or loss	<u>91</u>	-

All of the group's investment properties are held under freehold interests.

SFRS(I) 1-40.75(a)	<b>Fair value measurement of the group's investment properties</b>
SFRS(I) 1-40.75(e)	The fair values of the group's investment property at December 31, 2018, December 31, 2017 and January 1, 2017 (date of transition to SFRS(I)s) have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The fair value was determined <i>[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)]</i> . In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.
SFRS(I) 13.91(a)	
SFRS(I) 13.93(d)	

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I)  
13.93(a),(b)

Details of the group's investment properties and information about the fair value hierarchy as at December 31, 2018, December 31, 2017 and January 1, 2017 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at December 31, 2018 \$'000
Investment property				
Units located in A Land	-	-	7,000	7,000
Units located in B Land	-	5,000	-	5,000

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at December 31, 2017 \$'000
Investment property				
Units located in A Land	-	-	6,909	6,909
Units located in B Land	-	4,500	-	4,500

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value as at January 1, 2017 \$'000
Investment property				
Units located in A Land	-	-	6,899	6,899
Units located in B Land	-	4,400	-	4,400

For unit located in B Land, the fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

For investment properties categorised into Level 3 of the fair value hierarchy, the following information is relevant:

SFRS(I) 13.93(d)  
SFRS(I) 13.93(h)(i)

	Valuation techniques	Significant unobservable input(s)	Sensitivity
Unit located in A Land	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalisation of rental income rate used would result in a significant potential, nature of the property, and prevailing market condition, of x% - x% (2017: 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 rent used would result in a significant factors, such as frontage and size, between the comparables and the property, at an average of \$[x] (2017: \$[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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### Guidance notes

In considering the level of disaggregation of the properties for the purposes of the above disclosure, management of the entity should take into account the nature and characteristics of the properties in order to provide meaningful information to the users of the financial statements regarding the fair value measurement information of the different types of properties. The breakdown above is for illustrative purposes only.

SFRS(I) 13.93(c) There were no transfers between Levels 1 and 2 and into or out of Level 3 during the year.

SFRS(I) 13.93(e)(iv)

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).]*

##### Guidance notes

###### Fair value hierarchy

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.

###### Fair value disclosures for investment properties measured using the cost model

SFRS(I) 13.97

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:

- At which level fair value measurement is categorised (i.e. Level 1, 2 or 3);
- Where 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 from the group's investment properties all of which are leased out under operating leases, amounted to \$0.6 million (2017: \$0.7 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to \$0.4 million (2017: \$0.5 million).

LM 1207(11)(b)

##### Guidance notes – Details of investment properties

Where the company is listed, in respect of land and buildings, a breakdown in value in terms of freehold and leasehold shall be disclosed 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. 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:

- A brief description and location of the property;
- The existing use; and
- 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 20. Goodwill

	Group \$'000
<b>Cost:</b>	
At January 1, 2017	2,754
Exchange differences	(216)
At December 31, 2017	2,538
Arising on acquisition of a subsidiary (Note 53)	3,658
Eliminated on disposal of a subsidiary (Note 52)	(1,673)
Reclassified as held for sale	(22)
At December 31, 2018	4,501
<b>Impairment:</b>	
Impairment loss recognised in the year ended December 31, 2018 and balance at December 31, 2018	(463)
<b>Carrying amount:</b>	
At December 31, 2018	4,038
At December 31, 2017	2,538
At January 1, 2017	2,754

SFRS(I) 1-36.134(a) Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Electronic equipment:			
Huiji Electronic Systems (China) Limited (single CGU)	3,658	-	-
Construction (comprised several CGUs):			
Residential property construction activities	843	843	843
Electronic toys operation:			
GAAP Playsystems Limited (single CGU)	-	1,695	1,911
	4,501	2,538	2,754

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

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

SFRS(I) 1-36.134(b)-(d) The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets.

SFRS(I) 1-36.130(g) The rate used to discount the forecast cash flows from Huiji Electronic Systems (China) Limited is 8.9%, and from the group's residential property construction activities is 11.2%.

SFRS(I) 1-36.135(e) As at December 31, 2018, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

SFRS(I) 1-36.130(a),(b),(d),(e) As at December 31, 2018, before impairment testing, goodwill of \$0.84 million was allocated to the residential property construction CGU within the construction business segment<sup>(1)</sup>. Due to increased competition in the market, the group has revised its cash flow forecasts for this CGU. The residential property CGU has therefore been reduced to its recoverable amount of \$0.38 million through recognition of an impairment loss against goodwill of \$0.46 million.

#### Guidance notes

SFRS(I) 1-36.130(d)(ii)

#### Impairment testing disclosures

An entity that reports segment information in accordance with SFRS(I) 8 *Operating Segments* discloses the amount of the impairment loss recognised or reversed by reportable segment accordance with SFRS(I) 8.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-  
38.118(c),(e)

### 21. Other intangible assets

Group	Development costs \$'000	Patents and trademarks \$'000	Total \$'000
<b>Cost:</b>			
At January 1, 2017	-	13,000	13,000
Additions	-	18,617	18,617
At December 31, 2017	-	31,617	31,617
Additions	3,600	3,835	7,435
Acquired on acquisition of a subsidiary	-	870	870
At December 31, 2018	3,600	36,322	39,922
<b>Amortisation:</b>			
At January 1, 2017	-	9,477	9,477
Amortisation for the year	-	846	846
At December 31, 2017	-	10,323	10,323
Amortisation for the year	360	2,254	2,614
At December 31, 2018	360	12,577	12,937
<b>Carrying amount:</b>			
At December 31, 2018	3,240	23,745	26,985
At December 31, 2017	-	21,294	21,294
At January 1, 2017	-	3,523	3,523

SFRS(I) 1-38.118(a) The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for development costs incurred on the group's e-business development is three years. Patents and trademarks are amortised over their estimated useful lives, which is on average 10 years.

SFRS(I) 1-38.118(d) The amortisation expense has been included in the line item "depreciation and amortisation expense" 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, the United States and Europe. The carrying amount of patents at December 31, 2018 is \$20.2 million (December 31, 2017: \$18.4 million, January 1, 2017: \$Nil). The average remaining amortisation period for these patents is 7 years.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-27.16(b) **22. Subsidiaries**

	Company		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	111,650	110,000	110,000

Details of the group's significant subsidiaries at December 31, 2018 are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest			Proportion of voting power held			Principal activity
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	
		%	%	%	%	%	%	
GAAP Construction Pte Ltd *	Singapore	100	100	100	100	100	100	Property investment and construction
GAAP Manufacturing Limited **	Hong Kong	45	45	45	45	45	45	Manufacture of leisure goods
GAAP Leisure Pte Ltd *	Singapore	45	45	45	45	45	45	Sale of leisure goods
GAAP Electronics Sdn Bhd **	Malaysia	100	100	100	100	100	100	Sale and manufacture of electronic equipment
GAAP Ventures Pte Ltd *	Singapore	100	100	100	100	100	100	Venture capital investments
GAAP Electronics (China) Limited **	People's Republic of China	70	65	65	70	65	65	Sale and manufacture of electronic equipment
GAAP Pacific Inc **	U.S.A	90	90	90	100	100	100	Installation of computer software
Huiji Electronics Systems (China) Limited # **	People's Republic of China	80	-	-	80	-	-	Sale and manufacture of electronic equipment
GAAP Playsystems Limited ## **	Hong Kong	-	100	100	-	100	100	Sale and manufacture of electronic toys

LM 717

LM 718

\* Audited by Deloitte & Touche LLP, Singapore.

\*\* Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

# During the financial year, Huiji Electronic Systems (China) Limited was acquired pursuant to a conditional cash offer (Note 53).

## GAAP Playsystems Limited was disposed during the financial year (Note 52).

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

LM 717  
LM 718

#### Guidance notes – Other auditors

Where significant subsidiaries are audited by another firm of auditors, the names of the other auditors 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.

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:

	2018 \$'000	2017 \$'000
Amount paid on changes in ownership interest in subsidiary	350	-
Non-controlling interest acquired	(100)	-
Difference recognised in equity reserves (Note 38)	250	-

SFRS(I) 12.10(a)(i)

#### Guidance notes – Other auditors

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

### 22.1 Details of composition of the group

SFRS(I) 12.B4(a)  
SFRS(I) 12.B5-B6

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		
		December 31, 2018	December 31, 2017	January 1, 2017
Sale and manufacture of electronic equipment	Malaysia	1	1	1
Property investment and construction	Singapore	1	1	1
Venture capital investment	Singapore	1	1	1
Sale and manufacture of electronic toys	Hong Kong	-	1	1
		3	4	4

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries		
		December 31, 2018	December 31, 2017	January 1, 2017
Manufacture of leisure goods	Hong Kong	1	1	1
Sale of leisure goods	Singapore	1	1	1
Sale and manufacture of electronic equipment	People's Republic of China	2	1	1
Installation of computer software	U.S.A.	1	1	1
		5	4	4



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Details of non-wholly owned subsidiaries that have material non-controlling interests to the group are disclosed in Note 22.2 below.

#### 22.2 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 – Other auditors**

- 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 below do 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		Accumulated non-controlling interests		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	2018 \$'000	2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
GAAP Manufacturing Limited (i)	Hong Kong	55	55	55	401	464	1,794	1,393	929
GAAP Leisure Pte Ltd (ii)	Singapore	55	55	55	61	(258)	1,084	1,023	1,281
GAAP Electronics (China) Limited	People's Republic of China	30	35	35	34	(128)	137	103	231
Huiji Electronics Systems (China) Limited	People's Republic of China	20	-	-	98	-	1,278	-	-
Individually immaterial subsidiaries with non-controlling interests					15	19	292	57	38
Total					609	97	4,585	2,576	2,479

- SFRS(I) 12.9(b)
- GAAP Manufacturing Limited is listed on the Hong Kong Stock Exchange. Although the group has only 45% ownership in GAAP Manufacturing Limited, management concluded that the group has a sufficiently dominant voting interest to direct the relevant activities of GAAP Manufacturing Limited on the basis of the group's absolute size of shareholding and the relative size and dispersion of the shareholdings owned by other shareholders. The 55% ownership interests in GAAP Manufacturing Limited are owned by thousands of shareholders that are unrelated to the group, none individually holding more than 2%.
  - The group owns 45% equity shares of GAAP Leisure Pte Ltd. However, 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 Pte Ltd. The relevant activities of GAAP Leisure Pte Ltd are determined by the board of directors of GAAP Leisure Pte Ltd based on simple majority votes. Therefore, management concluded that the group has control over GAAP Leisure Pte Ltd and GAAP Leisure Pte Ltd is consolidated in these financial statements.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 12.12(g) 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  
SFRS(I) 12.B10-B11 amounts before intragroup eliminations.

	GAAP Manufacturing Limited			GAAP Leisure Pte Ltd			GAAP Electronics (China) Limited			Huiji Electronics Systems (China) Limited		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	1,576	1,070	1,234	1,580	1,678	2,103	591	464	1,985	16,579	-	-
Non-current assets	2,568	2,317	1,609	1,298	987	1,237	212	334	1,429	13,409	-	-
Current liabilities	(276)	(266)	(286)	(398)	(356)	(446)	(224)	(345)	(1,476)	(20,998)	-	-
Non-current liabilities	(606)	(588)	(868)	(509)	(449)	(564)	(122)	(224)	(1,168)	(2,598)	-	-
Equity attributable to owners of the company	1,468	1,140	760	887	837	1,049	320	126	539	5,114	-	-
Non-controlling interests	1,794	1,393	929	1,084	1,023	1,281	137	103	231	1,278	-	-

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

	GAAP Manufacturing Limited		GAAP Leisure Pte Ltd		GAAP Electronics (China) Limited		Huiji Electronics Systems (China) Limited	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'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	-	-	-	-	-	-	-	-
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	-

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 12.13

#### 22.3 Significant restrictions

*[When there are significant restrictions on the company's or its subsidiaries' ability 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

#### 22.4 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) 12.14 – 17 for details.]*

SFRS(I) 1-27.16(b)

### 23. Associates

	December 31, 2018	Group December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Cost of investment in associates	32,920	1,120	1,120
Share of post-acquisition profit, net dividend received	12,140	11,154	9,879
	<u>45,060</u>	<u>12,274</u>	<u>10,999</u>

#### 23.1 Details of material associates

SFRS(I) 12.21(a)

Details of the group's significant associates at December 31, 2018 are as follows:

	Name of associate	Place of incorporation and operation	Proportion of ownership interest			Proportion of voting power held			Principal activity
			December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	
			%	%	%	%	%	%	
LM 717,718	Apag Limited **	Elbonia	45	40	40	45	40	40	Construction
	PAAG Pte Ltd *	Singapore	17	17	17	17	17	17	Manufacture of electronic equipment

\* Audited by Deloitte & Touche LLP, Singapore.

\*\* Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

#### Guidance notes – Other auditors

LM 717,718

Where significant associates are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. An associate is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 12.21(b)(i) All of the above associates are accounted for using the equity method in these consolidated financial statements.

SFRS(I) 12.22(b) (i) The financial year end date of Apag Limited is October 31. This was the reporting date established when that company was incorporated, and a change of reporting date is not permitted in Elbonia. For the purposes of applying the equity method of accounting, the financial statements of Apag Limited for the year ended October 31, 2018 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2018. As at December 31, 2018, the fair value of the group's interest in Apag Limited, which is listed on the stock exchange of Elbonia, was \$8 million (December 31, 2017: \$7.8 million, January 1, 2017: \$6.8 million) based on the quoted market price available on the stock exchange of Elbonia, which is a Level 1 input in terms of SFRS(I) 13.

SFRS(I) 12.9(e) (ii) 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 that company.

SFRS(I) 12.21(b)(ii) Summarised financial information in respect of each of the group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I) 12.B12 SFRS(I)s [adjusted by the group for equity accounting purposes].

#### Apag Limited

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Current assets	130,954	123,606	110,980
Non-current assets	120,993	91,457	81,824
Current liabilities	(140,090)	(167,772)	(151,670)
Non-current liabilities	(18,190)	(25,538)	(23,336)

	2018	2017	
	\$'000	\$'000	
Revenue		3,387	4,758
Profit or loss from continuing operations		1,016	1,332
Post-tax profit (loss) from discontinued operations		-	-
Profit for the year		1,016	1,332
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,016	1,332
Dividends received from the associate during the year		-	-

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:

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Net assets of the associate	93,667	21,753	17,798
Proportion of the group's ownership interest in Apag Limited	45%	40%	40%
Goodwill	-	-	-
Other adjustments (please specify)	-	-	-
Carrying amount of the group's interest in Apag Limited	42,150	8,701	7,119

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 12.21(b)(ii) SFRS(I) 12.B12 SFRS(I) 12.B14(a)	<b>PAAG Pte Ltd</b>	December 31, 2018	December 31, 2017	January 1, 2017
		\$'000	\$'000	\$'000
	Current assets	19,151	18,442	3,339
	Non-current assets	18,460	17,221	3,118
	Current liabilities	(15,981)	(14,220)	(2,505)
		<u>(6,206)</u>	<u>(8,290)</u>	<u>(1,571)</u>

	2018	2017
	\$'000	\$'000
Revenue	5,790	5,890
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	<u>-</u>	<u>-</u>

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:

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Net assets of the associate	15,424	13,153	14,006
Proportion of the group's ownership interest in PAAG Pte Ltd	17%	17%	17%
Goodwill	-	-	-
Other adjustments ( <i>please specify</i> )	-	-	-
Carrying amount of the group's interest in PAAG Pte Ltd	<u>2,622</u>	<u>2,236</u>	<u>2,381</u>

SFRS(I) 12.21(c)(ii)  
SFRS(I) 12.B16 **Aggregate information of associates that are not individually material**

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
The group's share of profit from continuing operations	143	358	n.a.
The group's share of post-tax profit from discontinued operations	-	-	n.a.
The group's share of other comprehensive income	-	-	n.a.
The group's share of total comprehensive income	143	358	n.a.
Aggregate carrying amount of the group's interests in these associates	<u>288</u>	<u>1,337</u>	<u>1,499</u>

SFRS(I) 12.22(c) **Unrecognised share of losses of an associate**

	2018	2017
	\$'000	\$'000
The unrecognised share of losses of an associate for the year	<u>-</u>	<u>-</u>

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Cumulative share of losses of an associate	<u>-</u>	<u>-</u>	<u>-</u>

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements

December 31, 2018

SFRS(I) 1-28.22

### 23.2 Change in the group's ownership interest in an associate

#### Guidance notes

When there is a change in group's ownership interest in associate, the group should disclose details as set out below. Please see SFRS(I) 1-28.22 for details.

*[In the prior year, the group held a 40% interest in E Plus Limited and accounted for the investment as an associate. In December 2018, the group disposed of a 30% interest in E Plus Limited to a third party for proceeds of \$x million (received in January 2019). The group has accounted for the remaining 10% interest as an investment measured at FVTOCI whose fair value at the date of disposal was \$x, 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:*

	2018 \$'000
<i>Proceeds of disposal</i>	xx
<i>Adds: Fair value of investment retained (10%)</i>	xx
<i>Less: Carrying amount of investment on the date of loss of significant influence</i>	xx
<i>Gain recognised</i>	xx

*The gain recognised in the current year comprises a realised profit of \$x (being the proceeds of \$x million less \$x carrying amount of the interest disposed of) and an unrealised profit of \$x (being the fair value less the carrying amount of the 10% interest retained). A current tax expense of \$x arose on the gain realised in the current year, and a deferred tax expense of \$x has been recognised in respect of the portion of the profit recognised that is not taxable until the remaining interest is disposed of.]*

SFRS(I) 12.22(a)

### 23.3 Significant restriction

*[When there are significant restrictions on the ability of 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. Please see SFRS(I) 12.22(a) for details.]*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-27.16(b) **24. Joint venture**

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Cost of investment in joint venture	1,800	1,800	1,800
Share of post-acquisition profit, net dividend received	2,124	1,840	1,600
Foreign exchange difference	22	22	20
	3,946	3,662	3,420

#### 24.1 Details of material joint venture

##### Guidance notes

Similar to the disclosures applicable to investments in associates, SFRS(I) 12 requires the following information to be disclosed for each of the group's material joint ventures. In this set of illustrative financial statements, the group only has one joint venture, JV Electronics Limited, and for illustrative purposes, JV Electronics Limited is assumed to be material to the group.

SFRS(I) 12.21(a) Details of the group's material joint venture at the end of the reporting period is 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		
			December 31, 2018	December 31, 2017	January 1, 2017
			%	%	%
JV Electronics Limited	Manufacture of electronic equipment	People's Republic of China	33	33	33

LM 717,718

##### Guidance notes – Other auditors

Where significant joint ventures are audited by another firm of auditors, the names of the other auditors are to be disclosed accordingly. Guidelines similar to those applicable for associates (see above) may be used to determine if a joint venture is significant.

SFRS(I) 12.21(b)(i) The above joint venture is accounted for using the equity method in these consolidated financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

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 shown in the joint venture's financial statements prepared in accordance with SFRS(I)s [adjusted by the group for equity accounting purposes].

SFRS(I) 12.21(b)(ii) <b>JV Electronics Limited</b>	December 31, 2018	December 31, 2017	January 1, 2017
SFRS(I) 12.B12	\$'000	\$'000	\$'000
SFRS(I) 12.B14(a)			
Current assets	5,454	7,073	6,787
Non-current assets	23,221	20,103	21,001
Current liabilities	(2,836)	(3,046)	(3,788)
Non-current liabilities	(13,881)	(13,033)	(13,636)

SFRS(I) 12.B13 The above amounts of assets and liabilities include the following:

Cash and cash equivalents	231	553	687
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)	(12,801)

	2018 \$'000	2017 \$'000
Revenue	6,436	6,076
Profit (Loss) from continuing operations	861	733
Post-tax profit (loss) from discontinued operations	-	-
Profit 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 include the following:

Depreciation and amortisation	200	180
Interest income	-	-
Interest expense	56	48
Income tax expense (income)	-	-

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:

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Net assets of the joint venture	11,958	11,097	10,364
Proportion of the group's ownership interest in the joint venture	33%	33%	33%
Goodwill	-	-	-
Other adjustments (please specify)	-	-	-
Carrying amount of the group's interest in the joint venture	3,946	3,662	3,420

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 12.21(c)(i) SFRS(I) 12.B16	<b>Aggregate information of joint ventures that are not individually material</b>	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
	The group's share of profit (loss) from continuing operations	-	-	n.a.
	The group's share of post-tax profit (loss) from discontinued operations	-	-	n.a.
	The group's share of other comprehensive income	-	-	n.a.
	The group's share of total comprehensive income	-	-	n.a.
	Aggregate carrying amount of the group's interests in these joint ventures	-	-	-
SFRS(I) 12.22(c)	<b>Unrecognised share of losses of a joint venture</b>		2018 \$'000	2017 \$'000
	The unrecognised share of loss of a joint venture for the year		-	-
		December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
	Cumulative share of loss of a joint venture	-	-	-

#### Guidance notes

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

### 24.2 Significant restriction

SFRS(I) 12.22(a) *[When there are significant restrictions on the ability of joint ventures 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. Please see SFRS(I) 12.22(a) for details.]*

### 24.3 Joint operation

SFRS(I) 12.21(a) The group has a material joint operation, Project GAAP. The group has a 25% share in the ownership of a property located in Singapore. The property upon completion will be held for leasing purposes. The group is entitled to a proportionate share of the rental income received and bears a proportionate share of the joint operation's expenses. The joint operation is audited by Deloitte & Touche LLP, Singapore.

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

SFRS(I) 7.6,7.7

## 25. Financial assets at fair value through other comprehensive income

		Group		
		December 31, 2018	December 31, 2017	January 1, 2017
		\$'000	\$'000	\$'000
SFRS(I) 7.8(h) SFRS(I) 7.11A(a),(c)	Investments in equity instruments designated as at FVTOCI:			
	Quoted equity shares	13,560	13,494	13,406
	Unquoted equity shares	1,010	1,000	1,000
SFRS(I) 7.8(h)	Investments in debt instruments classified as at FVTOCI:			
	Quoted debt securities	8,303	8,221	8,158
	Unquoted debt securities	512	500	500
	Total financial assets at FVTOCI	<u>23,385</u>	<u>23,215</u>	<u>23,064</u>

### Investments in equity instruments

The investments in quoted equity securities offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

SFRS(I) 12.9(d)

The investments in quoted equity securities also include 20% equity interest in RCorp Limited, a company involved in the commercial property development. Management does not consider that the group is able to exercise significant influence over RCorp Limited as the other 80% of the ordinary share capital is held by one shareholder, who also manages the day-to-day operations of that company.

The investments in unquoted equity investments represent investments in companies that are engaged in research and development activities and/or the commercial application of this knowledge. The recoverability of these investments is uncertain and dependent on the outcome of these activities, which cannot presently be determined.

SFRS(I) 7.11A(b)  
SFRS(I) 7.42J(a)

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

SFRS(I) 7.11B

No investment in equity investments measured at FVTOCI has been disposed of during the current reporting period.

### 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### Investments in debt instruments

The investments in debt instruments include listed redeemable notes that carry interest at 7% per annum, and are redeemable at par value in 2020.

SFRS(I) 9.4.1.2A SFRS(I) 7.42J(a)	These redeemable notes are held by the group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, the redeemable notes are classified as at FVTOCI.
SFRS(I) 7.35G SFRS(I) 7.35H SFRS(I) 7.35M	For purpose of impairment assessment, the notes are considered to have low credit risk as they are held with a single counterparty with an AA credit rating. The group holds no collateral over this balance. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).
	In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.
SFRS(I) 7.35G(c)	There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.
SFRS(I) 9.5.5.2 SFRS(I) 7.35H	The loss allowance for debt instruments measured at FVTOCI is recognised in other comprehensive income. The following table shows the movement in expected credit losses (ECL) that has been recognised for the respective financial assets.

<u>Group</u>	<u>12-month ECL Debt instruments at FVTOCI \$'000</u>
Balance as at January 1, 2017	-
SFRS(I) 7.35B(b) SFRS(I) 7.35I	-
Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	-
Changes in credit risk parameters	-
Balance as at December 31, 2017	-
SFRS(I) 7.35B(b) SFRS(I) 7.35I	-
Net increase in loss allowance arising from new financial instruments recognised in current year, net of those derecognised upon settlement	-
Changes in credit risk parameters	-
Balance as at December 31, 2018	-

#### **Guidance notes – Disclosures required by SFRS(I) 7**

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

### 26. 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 \$'000	Deferred development costs \$'000	Revaluation of building \$'000	Convertible bond-equity component \$'000	Retirement benefit obligations \$'000	Others \$'000	Tax losses \$'000	Total \$'000
	At January 1, 2017	3,304	-	1,046	-	(2,561)	-	(295)	1,494
	Charge to other comprehensive income for the year	-	-	(320)	-	-	-	-	(320)
	Charge (Credit) to profit or loss for the year (Note 47)	1,952	-	(10)	-	-	(291)	(344)	1,307
	At December 31, 2017	5,256	-	716	-	(2,561)	(291)	(639)	2,481
	Charge directly to equity for the year	-	-	-	174	-	-	-	174
	Charge to other comprehensive income for the year	-	-	3,692	-	-	-	-	3,692
	Charge (Credit) to profit or loss for the year (Note 47)	2,918	552	-	(57)	181	100	639	4,333
	Acquisition of subsidiary	150	-	-	-	-	-	(351)	(201)
	Disposal of subsidiary	(469)	-	(66)	-	280	-	-	(255)
	Exchange differences	99	-	35	-	(13)	-	20	141
	Effect of change in tax rate	(100)	-	(27)	-	51	-	-	(76)
	At December 31, 2018	7,854	552	4,350	117	(2,062)	(191)	(331)	10,289

SFRS(I) 1-12.81(a) SFRS(I) 1-12.81(ab) SFRS(I) 1-1.90	Company	Convertible bond-equity component \$'000
	At January 1, 2017	-
	Charge (credit) to profit or loss for the year	-
	At December 31, 2017	-
	Charge directly to equity for the year	174
	Charge (credit) to profit or loss for the year	(57)
	Effect of change in tax rate	-
	At December 31, 2018	117

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Certain deferred tax assets and liabilities have been offset in accordance with the group and the company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group			Company		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities	13,173	5,772	4,350	117	-	-
Deferred tax assets	(2,884)	(3,291)	(2,856)	-	-	-
	10,289	2,481	1,494	117	-	-

SFRS(I) 1-12.81(e) Subject to the agreement by the tax authorities, at the end of the reporting period, the group has unutilised tax losses of \$2.23 million (December 31, 2017: \$12.53 million, January 1, 2017: \$9.82 million) available for offset against future profits. A deferred tax asset has been recognised in respect of \$1.95 million (December 31, 2017: \$3.76 million, January 1, 2017: \$1.74 million) of such losses. No deferred tax asset has been recognised in respect of the remaining \$0.28 million (December 31, 2017: \$8.77 million, January 1, 2017: \$8.08 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of \$0.28 million (December 31, 2017: \$3.29 million, January 1, 2017: \$3.54 million) that will expire in 2020. 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) At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$7.9 million (December 31, 2017: \$6.3 million, January 1, 2017: \$5.6 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

SFRS(I) 1-12.81(f) Temporary differences arising in connection with interests in associates and jointly controlled entities are insignificant.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

SFRS(I) 1-12.80(d)

#### Guidance notes – Alternative presentation of deferred tax information

##### 1. Deferred tax balances

Deferred tax assets (liabilities) arise from the following:

2018/2017

Group/Company	Opening balance \$'000	Charged to income \$'000	Charged directly to equity \$'000	Charged to other comprehensive income \$'000	Acquisitions/ Disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	Closing balance \$'000
<b>Temporary differences</b>								
Cash flow hedges	xx	xx	xx	xx	xx	xx	xx	xx
Equity accounted investments	xx	xx	xx	xx	xx	xx	xx	xx
Property, plant & equipment	xx	xx	xx	xx	xx	xx	xx	xx
Finance leases	xx	xx	xx	xx	xx	xx	xx	xx
Intangible assets	xx	xx	xx	xx	xx	xx	xx	xx
Financial assets								
at FVTOCI	xx	xx	xx	xx	xx	xx	xx	xx
Convertible loan notes	xx	xx	xx	xx	xx	xx	xx	xx
Exchange difference on foreign subsidiary	xx	xx	xx	xx	xx	xx	xx	xx
Provisions	xx	xx	xx	xx	xx	xx	xx	xx
Doubtful debts	xx	xx	xx	xx	xx	xx	xx	xx
Other financial liabilities	xx	xx	xx	xx	xx	xx	xx	xx
Unclaimed share issue and buy-back costs	xx	xx	xx	xx	xx	xx	xx	xx
Others [ <i>describe</i> ]	xx	xx	xx	xx	xx	xx	xx	xx
	xx	xx	xx	xx	xx	xx	xx	xx
<b>Unused tax losses and credits</b>								
Tax losses	xx	xx	xx	xx	xx	xx	xx	xx
Foreign tax credits	xx	xx	xx	xx	xx	xx	xx	xx
Others	xx	xx	xx	xx	xx	xx	xx	xx
	xx	xx	xx	xx	xx	xx	xx	xx
	xx	xx	xx	xx	xx	xx	xx	xx

Deferred tax balances are presented in the statement of financial position as follows:

	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Deferred tax liabilities	xx	xx	xx
Directly associated with assets classified as held for sale (Note x)	xx	xx	xx
	xx	xx	xx

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

#### 2. Unrecognised deferred tax assets

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
The following deferred tax assets have not been recognised at the end of the reporting period:			
Tax losses – revenue	xx	xx	xx
Tax losses – capital	xx	xx	xx
Unused tax credits (expire [ <i>date</i> ])	xx	xx	xx
Temporary differences	xx	xx	xx
	<u>xx</u>	<u>xx</u>	<u>xx</u>

The unrecognised tax losses will expire in 2020.

#### 3. Unrecognised taxable temporary differences associated with investments and interests

	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Taxable temporary differences in relation to investments in subsidiaries, branches and associates and interests in joint ventures for which deferred tax liabilities have not been recognised are attributable to the following:			
Domestic subsidiaries	xx	xx	xx
Foreign subsidiaries	xx	xx	xx
Associates and jointly controlled entities	xx	xx	xx
Others [ <i>describe</i> ]	xx	xx	xx
	<u>xx</u>	<u>xx</u>	<u>xx</u>



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.7

### 27. Bank overdrafts and loans

SFRS(I) 7.8(g)

#### Secured – at amortised cost

Bank overdrafts  
Bank loans

Less: Amount due for settlement within 12 months  
(shown under current liabilities)

Amount due for settlement after 12 months

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
	1,907	1,909	2,219
	358,845	435,394	353,000
	360,752	437,303	355,219
	(94,307)	(78,686)	(29,999)
	266,445	358,617	325,220

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

Bank overdrafts are repayable on demand. Overdrafts of \$1.9 million (December 31, 2017: \$1.9 million, January 1, 2017: \$2.2 million) have been secured by a charge over the group's inventories.

The group has two principal bank loans:

- A loan of \$276.46 million (December 31, 2017: \$353.00 million, January 1, 2017: \$353.00 million). The loan was raised on February 1, 2015. Repayments commenced on January 31, 2018 and will continue until January 2, 2022. The loan is secured by a charge over certain of the group's properties. The loan carries interest at 1% plus prime rate.
- A loan of \$82.39 million (December 31, 2017: \$82.39 million, January 1, 2017: \$Nil) secured on certain current and non-current assets of the group. This loan was advanced on July 1, 2017 and is due for repayment on January 3, 2021. The bank loan carries fixed interest rate at 8% (2017: 8%) per annum.

SFRS(I) 1-7.50

At December 31, 2018, the group had available \$200 million (December 31, 2017: \$200 million, January 1, 2017: \$200 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

#### Guidance notes

SFRS(I) 7.18

#### Breach of loan agreement

If applicable, the following is an illustrative disclosure:

*During 2018, the group was late in paying interest for the first quarter on one of its loans with a carrying amount of \$x 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 \$y 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.*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-7.44A-44E

#### Reconciliation of 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.

	<b>Non-cash changes</b>										
	January 1, 2018	Financing cash flows (i)	Equity component of convertible loan notes	Acquisition of subsidiary (Note 53)	Disposal of subsidiary (Note 52)	Fair value adjustments (Notes 14, 45 and 46)	New finance leases (Note 54)	Deferred tax (Note 26)	Foreign exchange movement	Other changes (ii)	December 31, 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans (Note 27)	435,394	(70,756)	-	-	(6,398)	-	-	-	605	-	358,845
Loans from holding company (Note 28)	15,008	34	-	-	-	-	-	-	-	-	15,042
Contingent consideration (Note 28)	-	-	-	75	-	-	-	-	-	-	75
Finance leases (Note 31)	2,727	(2,242)	-	-	-	-	1,560	-	-	348	2,393
Convertible loan notes (Note 33)	-	25,000	(821)	-	-	-	-	(174)	-	322	24,327
Derivative financial instrument hedging financial liabilities (Note 14)	-	-	-	-	-	273	-	-	-	-	273
	453,129	(47,964)	(821)	75	(6,398)	273	1,560	(174)	605	670	400,955

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

	<b>Non-cash changes</b>										
	January 1, 2017	Financing cash flows (i)	Equity component of convertible loan notes	Acquisition of subsidiary (Note 53)	Disposal of subsidiary (Note 52)	Fair value adjustments (Notes 14, 45 and 46)	New finance leases (Note 54)	Deferred tax (Note 26)	Foreign exchange movement	Other changes (ii)	December 31, 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans (Note 27)	353,000	83,019	-	-	-	-	-	-	(625)	-	435,394
Loans from holding company (Note 28)	15,551	(543)	-	-	-	-	-	-	-	-	15,008
Contingent consideration (Note 28)	-	-	-	-	-	-	-	-	-	-	-
Finance leases (Note 31)	3,226	(1,532)	-	-	-	-	800	-	-	233	2,727
Convertible loan notes (Note 33)	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instrument hedging financial liabilities (Note 14)	-	-	-	-	-	-	-	-	-	-	-
	<u>371,777</u>	<u>80,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>(625)</u>	<u>233</u>	<u>453,129</u>

(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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.7

### 28. Trade and other payables

	Group			Company		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
Trade creditors and accruals	169,685	113,237	90,431	351	298	490
Loans from holding company (Note 5)	15,042	15,008	15,551	6,603	7,209	9,571
Financial guarantee contracts	24	18	-	-	-	-
Other payables due to holding company (Note 5)	231	139	111	-	-	-
Other payables due to related companies (Note 5)	149	78	69	-	-	-
Other payables due to subsidiaries (Notes 5 and 22)	-	-	-	111	79	-
Contingent consideration recognised on the acquisition of Huiji Electronics Systems (China) Limited (Note 53.1)	75	-	-	-	-	-
	<b>185,206</b>	<b>128,480</b>	<b>106,162</b>	<b>7,065</b>	<b>7,586</b>	<b>10,061</b>
Current	185,131	128,480	106,162	7,065	7,586	10,061
Non-current	75	-	-	-	-	-
	<b>185,206</b>	<b>128,480</b>	<b>106,162</b>	<b>7,065</b>	<b>7,586</b>	<b>10,061</b>

SFRS(I) 7.7

The average credit period on purchases of goods is 3 months (2017: 3 months). No interest is charged on the trade payables for the first 60 days from the date of invoice. Thereafter, interest is charged at 2% (2017: 2%) per annum on the outstanding balance. The group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

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

Loans from the holding company are unsecured, interest-free and repayable on demand.

The group is a party to a financial guarantee contract where an entity in the group has provided a financial guarantee to a bank in respect of an entity external to the group. The company also provides a financial guarantee to a bank in respect of loans borrowed by certain subsidiaries. No material adjustment was required in the separate financial statements of the company to recognise the financial guarantee liability.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

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December 31, 2018

#### Guidance notes – Loss allowance on financial guarantee contracts

If there is an amount of loss allowance on financial guarantee contracts provided by the entity, the following is applicable illustrative disclosure:

SFRS(I)  
7.35G(a),(b)

*At the end of the reporting period, management has assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate, and concluded that there has not been a significant increase in the credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the group is measured at an amount equal to 12-month expected credit losses (ECL). [Describe more details].*

SFRS(I) 7.35G(c)

*There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.*

SFRS(I) 7.35H

*The following table shows the movement in loss allowance that has been recognised for the financial guarantee contracts:*

	<i>Group</i>	
	<i>2018</i>	<i>2017</i>
	<i>12-month ECL</i>	<i>12-month ECL</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Balance at beginning of year</i>	<i>xx</i>	<i>xx</i>
<i>Net financial guarantee contracts issued</i>	<i>xx</i>	<i>xx</i>
<i>Balance at end of year</i>	<i>xx</i>	<i>xx</i>

SFRS(I) 7.35B(b)  
SFRS(I) 7.35I

*The increase in loss allowance in both years was due to new financial guarantee contracts issued in the respective years.*

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

SFRS(I) 3.B67(b)

On the acquisition of Huiji Electronic Systems (China) Limited (Note 53), 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.

SFRS(I) 3.B67(b)

#### Guidance notes – Contingent consideration from business combination

For each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, the acquirer shall disclose the following:

- (i) Any changes in the recognised amounts, including any differences arising upon settlement;
- (ii) Any changes in the range of outcomes (undiscounted) and the reasons for those changes; and
- (iii) The valuation techniques and key model inputs used to measure contingent consideration.

Disclosures are made for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 29. Contract liabilities

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
SFRS(I) 15.116(a)			
Amounts received in advance of delivery for internet sale <sup>(i)</sup>	219	471	366
Maintenance services <sup>(ii)</sup>	4,790	4,342	3,800
Arising from customer loyalty programme <sup>(iii)</sup>	172	147	104
Amounts related to construction contracts <sup>(iv)</sup>	3,888	3,631	3,944
	<u>9,069</u>	<u>8,591</u>	<u>8,214</u>
Analysed as:			
Current	6,215	6,793	6,357
Non-current	2,854	1,798	1,857
	<u>9,069</u>	<u>8,591</u>	<u>8,214</u>

- SFRS(I) 15.117
- (i) 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. When the customer initially purchases the goods online, the transaction price received at that point by the group is recognised as contract liability until the goods have been delivered to the customer.
  - (ii) Revenue relating to maintenance services is recognised over time although the customer pays up-front in full for these services. A contract liability is recognised for revenue relating to the maintenance services at the time of the initial sales transaction and is released over the service period.
  - (iii) A contract liability arises in respect of the group's Maxi-Points Scheme as these points provide a benefit to customers that they would not receive without entering into a purchase contract and the promise to provide loyalty points to the customer is therefore a separate performance obligation. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction.
  - (iv) Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

SFRS(I) 15.118 There were no significant changes in the contract liability balances during the reporting period.

#### Guidance notes

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.

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.

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 15.116(b),(c) Group's revenue recognised that was included in the contract liability balance at the beginning of the period:

	2018 \$'000	2017 \$'000
Amounts received in advance of delivery for internet sale	471	366
Maintenance services	2,569	1,984
Arising from customer loyalty programme	122	63
Amounts related to construction contracts	3,631	3,944
	<u>6,793</u>	<u>6,357</u>

### 30. Refund liabilities

	Group		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
SFRS(I) 15.B21(b) Refund liabilities	<u>1,083</u>	<u>1,139</u>	<u>1,012</u>

SFRS(I) 15.119(d) SFRS(I) 15.126(d) The refund liabilities relate to customers' right to return products within 30 days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

### 31. Finance leases

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000	December 31, 2018 \$'000	December 31, 2017 \$'000	January 1, 2017 \$'000
SFRS(I) 1-17.31(b) Amounts payable under finance leases:						
Within one year	1,655	2,245	2,156	1,470	1,483	1,982
In the second to fifth year inclusive	1,014	1,365	1,353	923	1,244	1,244
	<u>2,669</u>	<u>3,610</u>	<u>3,509</u>	<u>2,393</u>	<u>2,727</u>	<u>3,226</u>
Less: Future finance charges	(276)	(883)	(283)	n.a.	n.a.	n.a.
Present value of lease obligations	<u>2,393</u>	<u>2,727</u>	<u>3,226</u>	<u>2,393</u>	<u>2,727</u>	<u>3,226</u>
SFRS(I) 1-1.61 Less: Amount due for settlement within 12 months (shown under current liabilities)				<u>(1,470)</u>	<u>(1,483)</u>	<u>(1,982)</u>
Amount due for settlement after 12 months				<u>923</u>	<u>1,244</u>	<u>1,244</u>

SFRS(I) 1-17.31(e) SFRS(I) 7.7 It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years. In 2018, the average effective borrowing rate was 8.5% (2017: 8.8%). Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

SFRS(I) 1-16.74(a) The group's obligations under finance leases are secured by the lessors' title to the leased assets.

# Notes to financial statements

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#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

#### SFRS(I) 1-37.84(a)- (c) **32. Provisions**

Group	Warranty provision	Provision for rectification work	Other	Total
	\$'000	\$'000	\$'000	\$'000
At January 1, 2017	4,323	-	62	4,385
Addition provision in the year	707	-	431	1,138
Utilisation of provision	(3,458)	-	-	(3,458)
At December 31, 2017	1,572	-	493	2,065
Contingent liability recognised on the acquisition of Huiji Electronic Systems (China) Limited (Note 53.2)	-	-	21	21
Unwinding of discount	-	-	-	-
Addition provision in the year	946	14,170	58	15,174
Utilisation of provision	(298)	(8,112)	(300)	(8,710)
At December 31, 2018	2,220	6,058	272	8,550

SFRS(I) 1-1.61	Analysed as:	Group		
		December 31, 2018	December 31, 2017	January 1, 2017
		\$'000	\$'000	\$'000
	Current liabilities	6,432	2,065	4,385
	Non-current liabilities	2,118	-	-
		8,550	2,065	4,385

SFRS(I) 1-37.85 The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the group's 12-month warranty program for electronic products. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

SFRS(I) 1-37.85 The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to one of the group's major customers (Note 49). Anticipated expenditure for 2019 is \$3.94 million, and for 2020 is \$2.12 million. These amounts have not been discounted for the purpose of measuring the provision for rectification work, because the effect is not material.

SFRS(I) 1-37.86  
SFRS(I) 3.B64(j) On the acquisition of Huiji Electronic Systems (China) Limited (Note 53), the group recognised an additional contingent liability in respect of employees' compensation claims outstanding against that entity. The amount was settled prior to the end of the reporting period.



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### GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 1-  
37.85(a),(b)

#### Guidance notes – Disclosure of other types of provisions

Where applicable, the following illustrative notes could be used:

- i. The provision for onerous lease contracts represents the present value of the future lease payments that the group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of the leases ranges from 3 to 5 years.
- ii. The provision for restructuring and termination costs represents the present value of management's best estimate of the direct costs of the restructuring that are not associated with the ongoing activities of the group, including termination benefits. The restructuring is expected to be completed by [date].
- iii. The provision for decommissioning costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to remove leasehold improvements from leased property. The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the leases ranges from 3 to 5 years.

SFRS(I) 7.17

### 33. Convertible loan notes

The convertible loan notes were issued on April 1, 2018, 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 loan notes were convertible at 18 shares per \$10 loan note.

If the notes are not converted, they will be redeemed on April 1, 2020 at par. Interest of 5% will be paid annually until settlement date.

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the group, as follows:

	Group and Company 2018 \$'000
Nominal value of convertible loan notes issued	25,000
Equity component (net of deferred tax)	(821)
Deferred tax liability	(174)
Liability component at date of issue	24,005
Interest charged	1,260
Interest paid	(938)
Liability component at December 31, 2018	24,327

SFRS(I) 7.17

The interest charged for the year is calculated by applying an effective interest rate of 7% to the liability component for the nine month period since the loan notes were issued.

#### Guidance notes – Disclosures required by SFRS(I) 7

If information about contractual and effective interest rates, maturity dates, foreign currency denomination and fair values have been presented in Note 4 "Financial Instruments, Financial Risks and Capital Management", it is not necessary to repeat the same information in this note.

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 34. Retirement benefit obligations

SFRS(I) 1-19.43

#### Defined contribution plans

The employees of GAAP Singapore Ltd and its subsidiaries that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Board Fund, operated by the Government of Singapore. The company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the group with respect to the retirement benefit plan is to make the specified contributions.

The group operates defined contribution retirement benefit plans for all qualifying employees of its subsidiaries in the People's Republic of China and U.S.A. The assets of the plans are held separately from those of the group in funds under the control of trustees. Where employees leave the plans prior to the contributions fully vesting, the contributions payable by the group are reduced by the amount of forfeited contributions.

SFRS(I) 1-19.53

The total expense recognised in profit or loss of \$9.8 million (2017: \$7.3 million) represents contributions payable to these plans by the group at rates specified in the rules of the plans. As at December 31, 2018, contributions of \$0.7 million (2017: \$0.8 million, January 1, 2017: \$0.85 million) due in respect of current financial year had not been paid over to the plans. The amounts were paid over subsequent to the end of the reporting period.

#### Defined benefit plan

SFRS(I) 1-19.139

The group operates a funded defined benefit plan for qualifying employees of its subsidiaries in the People's Republic of China, and previously for the employees of GAAP Playsystems Limited. Under the plan, the employees are entitled to retirement benefits varying between 40% and 65% of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided.

SFRS(I) 1-19.139(b)

The plan in the People's Republic of China typically exposes the group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of the plan members (widow and orphan benefits) is re-insured by an external insurance company.

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

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The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2018 by Ms L.H. Poh, Fellow of the Institute of Actuaries (December 31, 2017 and January 1, 2017: Ms L.H. Poh, Fellow of the Institute of Actuaries). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

SFRS(I) 1-19.144 The principal assumptions used for the purpose of the actuarial valuations were as follows:

	December 31, 2018	Valuation at December 31, 2017	January 1, 2017
Discount rate	7%	7%	7%
Expected return on plan assets	9%	8%	8%
Expected rate of salary increases	5%	5%	5%
Future pension increases	4%	4%	4%
Average longevity (in years) at retirement age for current pensioners*			
Males	27.5	27.3	27.3
Females	29.8	29.6	29.6
Average longevity (in years) at retirement age for current employees (future pensioners)*			
Males	29.5	29.3	29.3
Females	31.0	30.0	30.0
Others [ <i>describe</i> ]			

\* Based on the People's Republic of China's standard mortality table [*with modification to reflect expected changes in \* mortality*]. Others [*(please describe)*].

SFRS(I) 1-19.140 The amount recognised in the statement of financial position in respect of the group's defined benefit retirement benefit plan is as follows:

	December 31, 2018	Group December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Present value of funded obligations	159,021	157,302	169,541
Fair value of plan assets	(125,093)	(118,828)	(119,736)
Net liability recognised in the statement of financial position	33,928	38,474	49,805

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### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-19.120 Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.  
SFRS(I) 1-19.135

		Group	
		2018	2017
		\$'000	\$'000
SFRS(I) 1-19.141	Service cost		
	Current service cost	17,561	12,297
	Past service cost and (gain) loss from settlements	(9,903)	(6,306)
	Net interest expense	2,578	2,554
	Components of defined benefit costs recognised in profit or loss	<u>10,236</u>	<u>8,545</u>
	Remeasurement on the net defined benefit liability:		
	Return on plan assets (excluding amounts included in net interest expense)	-	-
	Actuarial gains and losses arising from changes in financial assumptions	-	-
	Actuarial gains and losses arising from changes in demographic assumptions	-	-
	Actuarial gains and losses arising from changes in experience adjustments	-	-
	Others ( <i>describe</i> )	-	-
	Adjustments for restrictions on the defined benefit asset	-	-
	Components of defined benefit costs recognised in other comprehensive income	<u>-</u>	<u>-</u>
	Total	<u>10,236</u>	<u>8,545</u>

SFRS(I) 1-19.135 The charge for the year is included in the employee benefits expense in profit or loss. [*Where analysis of expenses recognised in profit or loss is by nature*]

OR

Of the charge for the year, \$7.83 million (2017: \$6.54 million) is included in profit or loss in cost of sales and \$2.41 million (2017: \$2.01 million) is included in administrative expenses. [*Where analysis of expenses recognised in profit or loss is by function*]

# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

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SFRS(I) 1-19.141 Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2018	2017
	\$'000	\$'000
Opening defined benefit obligation	157,302	169,541
Current service cost	17,561	12,297
Interest cost	9,021	10,057
Remeasurement (gains) losses:		
Actuarial gains and losses from changes in financial assumptions	-	-
Actuarial gains and losses from changes in demographic assumptions	-	-
Actuarial gains and losses from experience adjustments	-	-
Others ( <i>describe</i> )	-	-
Past service cost, including (gains) losses on curtailments	(9,903)	(6,306)
Obligation transferred on disposal of subsidiary	(4,932)	-
Liabilities assumed in a business combination	2,436	-
Exchange differences on foreign plans	-	-
Benefits paid	(12,464)	(28,287)
Closing defined benefit obligation	<u>159,021</u>	<u>157,302</u>

SFRS(I) 1-19.141 Changes in the fair value of plan assets are as follows:

	Group	
	2018	2017
	\$'000	\$'000
Opening fair value of plan assets	118,828	119,736
Interest income	6,443	7,503
Remeasurement gains (losses):		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Others ( <i>describe</i> )	-	-
Contributions by employer	6,278	11,440
Contributions by plan participants	5,570	8,650
Exchange difference	438	(214)
Benefits paid	(12,464)	(28,287)
Closing fair value of plan assets	<u>125,093</u>	<u>118,828</u>

# Notes to financial statements

## Source

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SFRS(I) 1-19.142 The fair value of plan assets at the end of the reporting period is analysed as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Equity instruments (categorised by industry type)			
- Consumer industry	1,182	2,629	2,666
- Energy and utilities	2,000	2,000	2,000
Subtotal	<u>3,182</u>	<u>4,629</u>	<u>4,666</u>
Debt instruments (categorised by issuer's rating)			
- AAA	24,096	28,735	29,030
- AA	10,000	10,000	10,000
Subtotal	<u>34,096</u>	<u>38,735</u>	<u>39,030</u>
Property (as categorised by nature and location)			
- Retail shops in Shanghai	20,000	15,000	13,000
- Residential properties in Beijing	9,717	3,226	5,365
Subtotal	<u>29,717</u>	<u>18,226</u>	<u>18,365</u>
Derivatives:			
- Interest rate swaps	40,000	40,000	40,000
- Forward foreign exchange contracts	18,098	17,238	17,675
Subtotal	<u>58,098</u>	<u>57,238</u>	<u>57,675</u>
Total	<u>125,093</u>	<u>118,828</u>	<u>119,736</u>

SFRS(I) 1-19.142 The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets. It is the policy of the fund to use interest rate swaps to hedge its exposure to interest rate risk. This policy has been implemented during the current and prior years. Foreign currency exposures are fully hedged by the use of the forward foreign exchange contracts.

The actual return on plan assets was \$6.4 million (2017: \$7.5 million).

SFRS(I) 1-19.143 The plan assets do not include any of the group's own financial instruments, nor any property occupied by, or other assets used by, the group.

SFRS(I) 1-19.145(a) Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by \$744,000 (increase by \$740,000).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by \$120,000 (decrease by \$122,000).
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by \$150,000 (decrease by \$156,000).

SFRS(I) 1-19.145(b) The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

SFRS(I) 1-19.145(c) There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

SFRS(I) 1-19.146 Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study. Main strategic choices that are formulated in the actuarial and technical policy document of the fund are:

- Asset mix based on 25% equity instruments, 50% debt instruments and 25% investment property;
- Interest rate sensitivity caused by the duration of the defined benefit obligation should be reduced by 30% by the use of debt instruments in combination with interest rate swaps.
- Maintaining an equity buffer that gives a 97.5% assurance that assets are sufficient within the next 12 months.

There has been no change in the process used by the group to manage its risks from prior periods.

SFRS(I) 1-19.147 The group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a fixed 5% percentage of pensionable salary. The residual contribution (including back service payments) is paid by the entities of the group. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the fund. Apart from paying the costs of the entitlements, the group's subsidiaries are not liable to pay additional contributions in case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation at December 31, 2018 is 16.5 years (December 31, 2017: 15.6 years, January 1, 2017: 14.9 years). This number can be analysed as follows:

- Active members: 19.4 years (December 31, 2017: 18.4 years, January 1, 2017: 17.4 years);
- Deferred members: 22.6 years (December 31, 2017: 21.5 years, January 1, 2017: 20.8 years); and
- Retired members: 9.3 years (December 31, 2017: 8.5 years, January 1, 2017: 7.8 years).

The group expects to contribute approximately \$10 million (2017: \$8 million) to its defined benefit plan in the subsequent financial year.

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### GAAP Singapore Ltd and its subsidiaries

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### 35. Share-based payments

#### Equity-settled share option scheme

SFRS(I) 2.45(a) The company has a share option scheme for all employees of the company. The scheme is administered by the Remuneration and Share Option Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of grant. The Remuneration and Share Option Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years. If the options remain unexercised after a period of 4 years from the date of grant, the options expire. Options are forfeited if the employee leaves the group before the options vest.

Details of the share options outstanding during the year are as follows:

SFRS(I) 2.45(b)

	Group and Company			
	2018		2017	
	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	<u>5,489,000</u>	4.35	<u>4,500,000</u>	4.31
Exercisable at the end of the year	<u>1,789,000</u>	4.45	<u>2,500,000</u>	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 \$4.85 (2017: \$Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.4 years (December 31, 2017: 3.6 years, January 1, 2017: 3 years).

SFRS(I) 2.47(a) In 2018, options were granted on March 31, June 30 and October 31. The estimated fair values of the options granted on those dates were \$1.84, \$2.35 and \$2.84 respectively. In 2017, options were granted on June 30 and December 31. The estimated fair values of the options granted on those dates were \$1.22 and \$2.22 respectively.

These fair values for share options granted during the year were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2018 \$'000	2017 \$'000
Weighted average share price	\$4.85	\$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 yield	Nil	Nil



# Notes to financial statements

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### GAAP Singapore Ltd and its subsidiaries

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- 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 \$2.86 million (2017: \$1.20 million) related to equity-settled share-based payment transactions during the year.

#### Guidance notes – Share based payment modifications

SFRS(I) 2.47(c) requires that for share-based payment arrangements that were modified during the period, the entity is required to disclose:

- (i) An explanation of those modifications;
- (ii) The incremental fair value granted (as a result of those modifications); and
- (iii) Information of how the incremental fair value granted was measured, consistently with the requirements set out in SFRS(I) 2.47(a) & (b).

#### 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. At December 31, 2018, the group and the company have recorded liabilities of \$6.68 million (December 31, 2017: \$3.52 million, January 1, 2017: \$Nil). The fair value of the SARs is determined using the Black-Scholes pricing model using the assumptions noted above. The group and the company recorded total expenses of \$3.16 million (2017: \$3.52 million) during the year in respect of SARs. At December 31, 2018, the total intrinsic value of the vested SARs was \$Nil (December 31, 2017: \$Nil, January 1, 2017: \$Nil).

#### Other share-based payment plan

- SFRS(I) 2.45(a) Under the company's employee share purchase plan, all employees may purchase the company's shares at 85% of the closing market price on the date of grant during a two-week period each year. Employees may purchase shares having a value not exceeding 15% of their gross compensation during the offering period. The shares so purchased are generally placed in the employees share savings plan and will only be released to employees who remain in the company's employment for a period of three years from the date of grant. Pursuant to the plan, the company issued 1,000,000 shares (2017: Nil) during the year, at an average share price of \$4.85 (2017: \$Nil). The discount of \$0.7 million (2017: \$Nil) will be expensed over the vesting period of 3 years.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### SFRS(I) 1-1.79(a) 36. Share capital

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		\$'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, 2018, 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:

<u>Date of grant</u>	<u>Number of options</u>	<u>Expiring on:</u>
July 1, 2015	1,789,000	June 30, 2019
June 30, 2017	1,000,000	June 30, 2021
December 31, 2017	1,000,000	December 31, 2022
March 31, 2018	250,000	March 31, 2022
June 30, 2018	1,150,000	June 30, 2022
October 31, 2018	300,000	October 31, 2022
	<u>5,489,000</u>	

As at December 31, 2017, 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:

<u>Date of grant</u>	<u>Number of options</u>	<u>Expiring on:</u>
July 1, 2015	2,500,000	June 30, 2019
June 30, 2017	1,000,000	June 30, 2021
December 31, 2017	1,000,000	December 31, 2022
	<u>4,500,000</u>	

As at January 1, 2017, employees held options over 2,500,000 ordinary shares (unvested) in aggregate. The number of options and their expiry dates are as follows:

<u>Date of grant</u>	<u>Number of options</u>	<u>Expiring on:</u>
July 1, 2015	<u>2,500,000</u>	June 30, 2019

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 35.

# Notes to financial statements

## Source

**GAAP Singapore Ltd and its subsidiaries**

**Notes to financial statements  
December 31, 2018**

SFRS(I) 1-32.34

## **37. Treasury Shares**

	<u>Group and Company</u>			
	2018	2017	2018	2017
	Number of ordinary shares		\$'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 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, e.g. in the accounting policy notes or as presented in the following paragraphs.

SFRS(I) 1-1.79(b)

## **38. Capital reserves**

### **Equity reserve**

The equity reserve represents:

- (i) The equity component of convertible debt instruments; and
- (ii) Effects of changes in ownership interests in subsidiaries when there is no change in control (see Note 22).

### **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 35 and 36.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### SFRS(I) 1-1.79(b) **39. Revaluation reserves**

The property revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

SFRS(I) 1-16.77(f) The revaluation reserves are not available for distribution to the company's shareholders.

#### SFRS(I) 1-1.106(d)(ii) **Movement in property revaluation reserves**

	Group	
	2018 \$'000	2017 \$'000
Balance at beginning of year	35,452	37,977
Revaluation changes during the year in other comprehensive income	53,283	(2,845)
Related income tax in other comprehensive income	(3,692)	320
Share of other comprehensive income of associates and joint venture	-	-
Balance at end of year	<u>85,043</u>	<u>35,452</u>

SFRS(I) 1-1.79(b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of:  
SFRS(I) 1-1.82A

(i) investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal, and

(ii) investments in debt instruments classified as at FVTOCI, 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 reserves**

	Group	
	2018 \$'000	2017 \$'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	66	67
Income tax relating to fair value gain on investments in equity instruments designated as at FVTOCI	(20)	(20)
SFRS(I) 9.B5.7.1 Cumulative (gain) loss on investments in equity instruments designated as at FVTOCI transferred to retained earnings upon disposal	-	-
SFRS(I) 7.20(a)(viii) Fair value gain on investments in debt instruments classified as at FVTOCI	29	14
Income tax relating to fair value gain on investments in debt instruments classified as at FVTOCI	(9)	(4)
SFRS(I) 7.20(a)(viii) Cumulative (gain) loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal	-	-
SFRS(I) 1-1.82(cb) Cumulative (gain) loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL	-	-
SFRS(I) 7.16A Impairment loss recognised on investments in debt instruments classified as at FVTOCI	-	-
Balance at end of year	<u>555</u>	<u>489</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 7.35H The following table shows the movement in 12m ECL that has been recognised for redeemable notes classified as at FVTOCI:

	Group	
	2018	2017
	\$'000	\$'000
Balance at beginning of year	-	-
Net movement for the year	-	-
Balance at end of year	-	-

SFRS(I) 7.11A(e) Investments in equity instruments designated as at FVTOCI are not subject to impairment, and their cumulative fair value gain/loss included in the investments revaluation reserve is not subsequently reclassified to profit or loss. There has been no transfer of the cumulative gain or loss arising from these equity investments within equity during the current or prior period.

## 40. Hedging and translation reserves

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

SFRS(I) 1-  
1.106(d)(i),(ii) **Movement in hedging reserves**

	Foreign exchange risk		Interest rate risk		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
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	155	686	1,779	-	1,934	686
Income tax related to gain (loss) recognised in other comprehensive income	-	-	-	-	-	-
SFRS(I) 7.24C(b)(iv) (Gain) loss reclassified to profit or loss						
- hedged item has affected profit or loss	(578)	(100)	(195)	-	(773)	(100)
(Gain) loss reclassified to profit or loss						
- forecast transaction no longer expected to occur	(85)	-	-	-	(85)	-
Income tax related to amounts reclassified to profit or loss	-	-	-	-	-	-
SFRS(I) 7.24E(a) Cumulative (gain) loss transferred to initial carrying amount of hedged items	-	-	-	-	-	-
Income tax related to amounts transferred to initial carrying amount of hedged item	-	-	-	-	-	-
Balance at end of year	1,368	1,876	1,584	-	2,952	1,876

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Exchange differences relating to the translation of the net assets of the group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Singapore dollars, are recognised directly in the translation reserves.

SFRS(I) 1-  
1.106(d)(i),(ii)

#### Movement in translation reserves

	Group	
	2018	2017
	\$'000	\$'000
Balance at beginning of year	(3,368)	(4,098)
Gain (Loss) arising on changes in fair value of hedging instruments designated in net investment hedge	-	-
Income tax relating to gain (loss) on hedges of net assets in foreign operations	-	-
Exchange differences on translating the net assets of foreign operations	(1,693)	730
Income tax relating to gain (loss) arising on translating the net assets of foreign operations	-	-
Gain (Loss) on hedging instruments reclassified to profit or loss on disposal of foreign operations	-	-
Income tax related to gain (loss) on hedging instruments reclassified to profit or loss on disposal of foreign operations	-	-
Gain (Loss) reclassified to profit or loss on disposal of foreign operations	-	-
Income tax related to gain (loss) reclassified to profit or loss on disposal of foreign operations	-	-
Share of other comprehensive income of associates and joint venture	-	-
Balance at end of year	<u>(5,061)</u>	<u>(3,368)</u>

#### Guidance notes – hedges of a net investment in a foreign operation

SFRS(I) 7.24B

If applicable, SFRS(I) 7.24B requires an entity to disclose, in a tabular format, the following amounts related to hedged items separately by risk category for cash flow hedges and hedges of a net investment in a foreign operation:

(i) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (i.e. for cash flow hedges the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of SFRS(I) 9);

(ii) the balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges that are accounted for in accordance with paragraphs 6.5.11 and 6.5.13(a) of SFRS(I) 9; and

(iii) the balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 42. Revenue

#### Guidance notes

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.

The group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 43).

SFRS(I) 15.114 A disaggregation of the group's revenue for the year, for both continuing and discontinued operations, is as follows:  
SFRS(I) 15.115  
SFRS(I) 15.B89

		Group	
		2018	2017
		\$'000	\$'000
<b>Segment revenue</b>			
Continuing operations:			
Electronic equipment	- direct sales	143,549	76,988
	- wholesalers	290,439	230,956
	- internet sales	150,013	77,126
Leisure goods	- wholesalers	91,149	84,036
	- retail outlets	55,694	38,491
Computer software installation		29,743	11,091
Construction		304,073	209,562
		<u>1,064,660</u>	<u>728,250</u>
Discontinued operation:			
Sale of electronic toys	- retail outlets	159,438	141,203
		<u>1,224,098</u>	<u>869,453</u>

#### Timing of revenue recognition

At a point in time:

Electronic equipment	- direct sales	143,549	76,988
	- wholesalers	201,756	197,010
	- internet sales	60,600	25,003
Leisure goods	- wholesalers	91,149	84,036
	- retail outlets	55,694	38,491
Sale of electronic toys	- retail outlets	159,438	141,203
		<u>712,186</u>	<u>562,731</u>

Over time:

Electronic equipment	- direct sales	-	-
	- wholesalers	88,683	33,946
	- internet sales	89,413	52,123
Computer software installation		29,743	11,091
Construction		304,073	209,562
		<u>511,912</u>	<u>306,722</u>
		<u>1,224,098</u>	<u>869,453</u>



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### 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. The group has assessed that the disaggregation of revenue by operating segments in Note 43 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.

SFRS(I) 15.120(a) The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

SFRS(I) 1.D34 As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed, using the transition provisions of SFRS(I) 15.

	Group 2018 \$'000
Maintenance obligations relating to electronic equipment	10,800
Installation of software services	936
Construction of residential properties	6,936
	<u>18,672</u>

##### Guidance notes

SFRS(I) 1.D34 A first-time adopter may apply the transition provisions in paragraph C5 of SFRS(I) 15. In those paragraphs references to the date of initial application shall be interpreted as the beginning of the first SFRS(I) reporting period. If a first-time adopter decides to apply those transition provisions, it shall also apply paragraph C6 of SFRS(I) 15.

SFRS(I) 15.120(b) Management expects that 72% of the transaction price allocated to the unsatisfied contracts as of December 31, 2018 will be recognised as revenue during the next reporting period amounting to \$13,445,000. Of the remaining 28%, \$4,365,000 will be recognised in the 2020 financial year and \$862,000 in the 2021 financial year.

##### 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) Revenue is recognised 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

#### Guidance notes – presentation of contract balances

SFRS(I) 15.109

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. Indeed, it will likely be more practical for many entities to continue to include balances arising from contracts with customers within the same financial statement line item and related notes as previously under FRS 18 e.g. contract liabilities within a deferred revenue note. SFRS(I) 15 allows entities to use terms other than contract asset and contract liability to describe such balances.

Contract balances and the related disclosures have been included in the following places in the notes to the financial statements:

Receivables	Balance described as "Trade receivables" (Note 8)
Contract assets	Note 9
Contract costs	Note 10
Contract liabilities	Note 29

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. For illustrative purposes, all line items are disclosed separately (ignoring the size of the balances involved).

## 43. Segment information

#### Guidance notes

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; 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) 15 *Revenue from Contracts with Customers* and SFRS(I) 8 *Operating Segments* do not have similar aggregation criteria. More disaggregation may be required in Note 42, 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 in Note 42 need not be repeated in Note 43.

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 focuses 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 different classes of customers. 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

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

Construction

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

The electronic equipment segment supply industrial electronic equipment to support the operations of heavy industrial machinery, military equipment and automotives, electronic security systems and office electronic equipment (calculators, computer peripherals etc.). It also supplied electronic toys prior to discontinuation (see below).

## SFRS(I) 8.23

### Segment revenues and results

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

Group	Revenue		Net Profit	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Continuing operations</b>				
Electronic equipment*				
- Direct sale customers	143,549	76,988	29,975	6,052
- Wholesale customers	290,439	230,956	26,490	15,679
- Internet customers	150,013	77,126	5,740	3,014
Leisure goods				
- Wholesale customers	91,149	84,036	19,931	10,361
- Retail customers	55,694	38,491	10,390	2,835
Computer software installation				
- Corporate customers	29,743	11,091	19,465	5,981
Construction services				
- Corporate customers	200,000	189,562	25,995	10,157
- Government customers	104,073	20,000	12,879	3,930
Total for continuing operations	<u>1,064,660</u>	<u>728,250</u>	150,865	58,009
Share of profit of associates and joint venture			1,270	1,517
Investment revenue			4,012	1,628
Central administration costs and directors' salaries			(19,132)	(16,726)
Other gains and losses			120	(50)
Finance costs			<u>(31,870)</u>	<u>(24,508)</u>
SFRS(I) 8.28(b) Profit before tax (continuing operations)			<u>105,265</u>	<u>19,870</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Group	Revenue		Net Profit	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<b>Discontinued operation</b>				
Sale of electronic toys				
- Retail customers	159,438	141,203	15,053	7,822
Total for discontinued operation	159,438	141,203	15,053	7,822
Central administration costs and directors' salaries			(2,067)	(2,432)
Finance costs			(493)	(830)
SFRS(I) 8.28(b)			12,493	4,560
Profit before tax (discontinued operation)				
Income tax expense (continuing and discontinued operations)			(17,983)	(4,199)
SFRS(I) 8.28(a)				
Consolidated revenue and profit for the year	1,224,098	869,453	99,775	20,231

\* excluding electronic toys

SFRS(I) 8.23(b) Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2017: \$Nil).

SFRS(I) 8.27  
SFRS(I) 8.23(f) The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates and joint venture, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The exceptional rectification costs of \$14.17 million disclosed in Note 49 relate to the electronic equipment – direct sale customers reportable segment.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 8.23

	December 31, 2018 \$'000	<u>Group</u> December 31, 2017 \$'000	January 1, 2017 \$'000
<b>Segment assets</b>			
Electronic equipment			
- Direct sale customers	220,063	183,103	169,420
- Wholesale customers	169,857	101,960	87,444
- Internet customers	22,320	17,250	16,000
Leisure goods			
- Wholesale customers	226,117	211,798	204,380
- Retail customers	28,680	27,750	26,010
Computer software installation			
- Corporate customers	5,080	2,409	2,576
Construction services			
- Corporate customers	150,112	142,112	135,674
- Government customers	150,121	141,121	128,654
Total segment assets	972,350	827,503	770,158
Unallocated assets	184,232	151,076	99,083
SFRS(I) 8.28(c) Consolidated total assets	1,156,582	978,579	869,241

SFRS(I) 8.27

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

All assets are allocated to reportable segments other than investments in associates (Note 23), investments in joint venture (Note 24), "other" financial assets and tax assets. Goodwill has been allocated to reportable segments as described in Note 20. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

#### Guidance notes

An entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Other segment information

SFRS(I) 8.23(e) SFRS(I) 8.24(b)	Group	Depreciation and amortisation		Additions to non-current assets	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
	Electronic equipment*				
	- Direct sale customers	8,000	5,000	23,723	12,318
	- Wholesale customers	6,944	4,092	12,736	8,146
	- Internet customers	1,212	800	-	3,631
	Leisure goods				
	- Wholesale customers	4,135	1,861	8,910	4,181
	- Retail customers	1,645	604	2,665	1,712
	Computer software installation				
	- Corporate customers	900	400	300	200
	Construction services				
	- Corporate customers	4,953	2,860	14,123	12,212
	- Government customers	2,922	1,621	7,235	2,122
		<u>30,711</u>	<u>17,238</u>	<u>69,692</u>	<u>44,522</u>

\* excluding electronic toys

SFRS(I) 8.23(i) In addition to the depreciation and amortisation reported above, impairment losses of \$4.13 million (2017: \$Nil) and \$0.46 million (2017: \$Nil) were recognised in respect of property, plant and equipment and goodwill, respectively.

These impairment losses were attributable to the following reportable segments:

	2018 \$'000
Electronic equipment	
- Direct sale customers	2,130
- Wholesale customers	2,000
Construction services	
- Corporate customers	463
	<u>4,593</u>

#### SFRS(I) 8.32 Revenue from major products and services

The group's revenue from its major products and services are disclosed in Note 42.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### SFRS(I) 8.33(a),(b) **Geographical information**

The group operates in four principal geographical areas – U.S.A., Singapore (country of domicile), Malaysia and South Korea.

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

	<u>Revenue from</u> <u>external customers</u>		<u>Non-current assets</u>		
	<u>2018</u>	<u>2017</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>January 1,</u> <u>2017</u>
<u>Based on location of customer</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
U.S.A.	822,699	584,347	350,876	325,787	314,370
Singapore	171,486	121,803	218,551	118,446	110,530
Malaysia	52,701	37,432	101,501	127,850	122,415
South Korea	137,892	97,942	20,000	20,000	20,000
Others	39,320	27,929	10,000	10,000	10,000
	<u>1,224,098</u>	<u>869,453</u>	<u>700,928</u>	<u>602,083</u>	<u>577,315</u>

#### SFRS(I) 8.34

#### **Information about major customers**

Included in revenues arising from sale of electronic equipment to wholesale customers of \$290.4 million (2017: \$231.0 million) are revenues of approximately \$90.3 million (2017: \$40.2 million) which arose from sale to the group's largest customer.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### 44. Investment revenue

		Group	
		2018	2017
		\$'000	\$'000
<b>Continuing operations</b>			
	Rental revenue:		
SFRS(I) 1-17.47(e)	Finance lease contingent rental revenue	-	-
	Operating lease rental revenue:		
SFRS(I) 1-40.75(f)	Investment properties	600	680
SFRS(I) 1-17.56(b)	Contingent rental revenue	-	-
	Others	-	-
		<u>600</u>	<u>680</u>
	Interest revenue:		
SFRS(I) 7.20(b)	Bank deposits	100	10
	Investment in debt instruments measured at FVTOCI	104	94
	Finance lease receivables	2,573	981
	Other financial assets measured at amortised cost	149	53
	Total interest revenue	<u>2,926</u>	<u>1,138</u>
SFRS(I) 7.B5(e)	Dividends from equity investments designated as at FVTOCI:		
SFRS(I) 7.11A(d)	Relating to investments derecognised during the year	-	-
SFRS(I) 7.11A(d)	Relating to investments held at the end of the reporting period	486	452
	Others (aggregate of immaterial items)	-	-
		<u>4,012</u>	<u>2,270</u>

Investment revenue earned on financial assets, analysed by category of asset, is as follows:

		Group	
		2018	2017
		\$'000	\$'000
	Financial assets measured at FVTOCI	104	94
	Financial assets measured at amortised cost	2,822	1,044
		<u>2,926</u>	<u>1,138</u>
	Investment income earned on non-financial assets	1,086	1,132
		<u>4,012</u>	<u>2,270</u>

Fair value gains and losses, as well as interest income on financial instruments classified as at FVTPL are included in "other gains and losses" in Note 45.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 45. Other gains and losses

		Group	
		2018	2017
		\$'000	\$'000
<b>Continuing operations</b>			
SFRS(I) 1-1.98(c)	Gain (Loss) on disposal of property, plant and equipment	-	-
SFRS(I) 1-1.98(d)	Gain (Loss) on disposal of investments	-	-
SFRS(I) 1-20.39(b)	Government grants received for staff re-training	-	-
	Net foreign exchange gains (losses)	(392)	(196)
SFRS(I) 7.20(a)(i)	Net gain (loss) arising on financial assets designated as at FVTPL	-	-
SFRS(I) 7.20(a)(i)	Net gain (loss) arising on financial assets mandatorily measured at FVTPL	12	25
SFRS(I) 7.20(a)(vi)	Net gain (loss) arising on financial assets measured at amortised cost	-	-
SFRS(I) 7.20(a)(i)	Net gain (loss) arising on financial liabilities designated as at FVTPL	-	-
SFRS(I) 7.20(a)(i)	Net gain (loss) arising on financial liabilities mandatorily measured at FVTPL	-	-
SFRS(I) 7.20(a)(v)	Net gain (loss) arising on financial liabilities measured at amortised cost	-	-
SFRS(I) 1-40.76(d)	Change in fair value of investment property	500	-
SFRS(I) 7.20(a)(viii)	Reclassification of net gain (loss) on debt investments classified as at FVTOCI from equity to profit or loss upon disposal	-	-
SFRS(I) 7.24A(c)	Hedge ineffectiveness on cash flow hedges	-	-
SFRS(I) 7.24C(b)(ii)	Hedge ineffectiveness on net investment hedges	-	-
SFRS(I) 7.24A(c)	Hedge ineffectiveness on net investment hedges	-	-
SFRS(I) 7.24C(b)(ii)	Others	-	-
		120	(171)

SFRS(I) 7.20(a) No other gains or losses have been recognised in respect of financial assets and financial liabilities other than as disclosed in Notes 44, 45 and 46 and the loss allowance recognised/reversed in respect of certain financial assets and financial guarantee contracts (see Note 49).

#### Guidance notes

SFRS(I) 7.20A If the entity has gain or loss recognised in the statement of 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### 46. Finance costs

Group	Continuing operations		Discontinued operation		Total		
	2018	2017	2018	2017	2018	2017	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	Interest on bank overdrafts and loans	34,028	24,275	493	830	34,521	25,105
	Interest on convertible loan notes (Note 33)	1,260	-	-	-	1,260	-
	Interest on obligations under finance leases	348	233	-	-	348	233
SFRS(I) 7.20(b)	Total borrowing costs	35,636	24,508	493	830	36,129	25,338
SFRS(I) 1-23.26(a)	Less: Amounts included in the cost of qualifying assets	(3,571)	-	-	-	(3,571)	-
		32,065	24,508	493	830	32,558	25,338
SFRS(I) 9.6.5.8(a)	(Gain) Loss arising on derivatives designated as hedging instruments in fair value hedges	-	-	-	-	-	-
SFRS(I) 9.6.5.8(b)	(Gain) Loss arising on adjustment for hedged item attributable to the hedged risk in a designated fair value hedge accounting relationship	-	-	-	-	-	-
	Unwinding of discount on provisions	-	-	-	-	-	-
SFRS(I) 9.6.5.11(d)(ii)	Fair value gains on interest rate swaps designated as cash flow hedges reclassified from equity (Note 14)	(195)	-	-	-	(195)	-
		31,870	24,508	493	830	32,363	25,338

#### Guidance notes

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

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% to expenditure on such assets.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-12.79

### 47. Income tax expense

#### Income tax recognised in profit or loss

Group		Continuing operations		Discontinued operation		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
SFRS(I) 1-12.79	Tax expense (income) comprises:						
SFRS(I) 1-12.80(a)	Current tax expense (income)	11,403	2,408	1,673	252	13,076	2,660
SFRS(I) 1-12.80(b)	Adjustments recognised in the current year in relation to the current tax prior years	584	197	66	35	650	232
SFRS(I) 1-12.80(c)	Deferred tax expense (income) relating to the origination and reversal of temporary differences	4,255	1,205	78	102	4,333	1,307
	Deferred tax reclassified from equity to income	-	-	-	-	-	-
		16,242	3,810	1,817	389	18,059	4,199
SFRS(I) 1-12.80(d)	Effect of changes in tax rates and laws	(76)	-	-	-	(76)	-
SFRS(I) 1-12.80(g)	Write-downs (reversal of previous write-downs) of deferred tax assets	-	-	-	-	-	-
SFRS(I) 1-12.80(h)	Tax expense (income) associated with changes in accounting policies that cannot be accounted for retrospectively	-	-	-	-	-	-
	Total tax expense (income)	16,166	3,810	1,817	389	17,983	4,199

#### Guidance notes

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-12.81(c) Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

SFRS(I) 1-12.81(c) The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2018	2017
	\$'000	\$'000
Profit before tax:		
Continuing operations	105,265	19,870
Discontinued operation	12,493	4,560
	<u>117,758</u>	<u>24,430</u>

SFRS(I) 1-12.81(c) **Numerical reconciliation of income tax expense**

	Group			
	2018	2017	2018	2017
	\$'000	%	\$'000	%
Income tax expense calculated at 17% (2017: 17%)	20,019	17	4,153	17
Effect of revenue that is exempt from taxation	(736)	(0.6)	-	-
Effect of expenses that are not deductible in determining taxable profit	-	-	51	0.2
Effect of tax concessions (research and development and other allowances)	-	-	-	-
Tax effect of share of results of associates and joint venture	(216)	(0.2)	(258)	(1.1)
Impairment losses on goodwill that are not deductible	79	0.1	-	-
Effect of changes in expected manner of recovery of assets	-	-	-	-
Effect of revaluations of assets for taxation purpose	-	-	-	-
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	-	-	-
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	(1,751)	(1.5)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	14	0.0	21	0.1
Effect on deferred tax balances due to the change in income tax rate from [xx]% to 17%	(76)	-	-	-
Effect of changes in tax laws on deferred tax balances	-	-	-	-
	<u>17,333</u>	<u>14.8</u>	<u>3,967</u>	<u>16.2</u>
Adjustments recognised in the current year in relation to the current tax of prior years	650	0.6	232	0.9
Income tax expense recognised in profit or loss	<u>17,983</u>	<u>15.4</u>	<u>4,199</u>	<u>17.1</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Income tax recognised directly in equity

		Group	
		2018	2017
		\$'000	\$'000
SFRS(I) 1-12.81(a)	<b>Current tax</b>		
	Share-issue expenses	-	-
	Share buy-back expenses	-	-
		<u>-</u>	<u>-</u>
SFRS(I) 1-12.81(a)	<b>Deferred tax</b>		
	Initial recognition of the equity component of compound financial instruments	174	-
	Share-issue and buy-back expenses deductible over 5 years	-	-
	Excess of tax deductions related to share-based payments	-	-
	Others [ <i>describe</i> ]	-	-
		<u>174</u>	<u>-</u>
	Total deferred tax recognised directly in equity	<u>174</u>	<u>-</u>

#### Guidance notes

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

#### SFRS(I) 1-12.81(ab) **Income tax relating to each component of other comprehensive income** SFRS(I) 1-1.90

		Group	
		2018	2017
		\$'000	\$'000
	<b>Deferred tax</b>		
	Property revaluations	3,692	(320)
	Translation of foreign operations	-	-
	Revaluations of financial instruments treated as cash flow hedges	-	-
	Revaluations of financial assets classified as at FVTOCI	29	24
	Actuarial movements on defined benefit plans	-	-
		<u>3,721</u>	<u>(296)</u>
	Reclassifications from equity to profit or loss:		
	Reclassification to profit or loss from equity on cash flow hedges	-	-
	Reclassification to profit or loss on disposal of a foreign operations	-	-
		<u>-</u>	<u>-</u>
	Total deferred tax on components of other comprehensive income	<u>3,721</u>	<u>(296)</u>

#### Guidance notes

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### 48. Discontinued operation

SFRS(I) 5.30  
SFRS(I) 5.41

On May 14, 2018, the group entered into a sale agreement to dispose of GAAP Playsystems Limited, which carried out all of the group's electronic toys manufacturing activities. The disposal was effected in order to generate cash flow for the expansion of the group's other businesses. The disposal was completed on November 30, 2018, on which date control of GAAP Playsystems Limited passed to the acquirer.

The profit for the year from the discontinued operation is analysed as follows:

	Group	
	2018	2017
	\$'000	\$'000
Profit of electronic toys operation for the year	2,183	4,171
Gain on disposal of electronic toys operation (Note 52)	8,493	-
	<u>10,676</u>	<u>4,171</u>

SFRS(I) 5.33(b)  
SFRS(I) 5.34

The results of the electronic toys operation for the period from January 1, 2018 to November 30, 2018 are as follows:

	Group	
	2018	2017
	\$'000	\$'000
Revenue	159,438	141,203
Cost of sales	(97,431)	(79,923)
Distribution costs	(19,447)	(16,458)
Administrative expenses	(38,067)	(39,432)
Finance costs	(493)	(830)
Profit before tax	4,000	4,560
Income tax expense	(1,817)	(389)
Profit for the year (attributable to owners of the company)	<u>2,183</u>	<u>4,171</u>

SFRS(I) 5.33(c)  
SFRS(I) 5.34

During the year, GAAP Playsystems Limited contributed \$4.8 million (2017: \$4.25 million) to the group's net operating cash flows, paid \$1.37 million (2017: \$2.89 million) in respect of investing activities and paid \$0.9 million (2017: \$3.71 million) in respect of financing activities.

The carrying amounts of the assets and liabilities of GAAP Playsystems Limited at the date of disposal are disclosed in Note 52.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### 49. Profit for the year

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

Group	Continuing operations		Discontinued operation		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Depreciation and amortisation:</b>						
Depreciation of property, plant and equipment	28,097	16,392	1,420	2,650	29,517	19,042
SFRS(I) 1-36.126(a) Impairment of property, plant and equipment	4,130	-	-	-	4,130	-
SFRS(I) 1-38.118(d) Amortisation of intangible assets	2,614	846	-	-	2,614	846
SFRS(I) 1-36.126(a) Impairment of goodwill	463	-	-	-	463	-
SFRS(I) 1-1.104 Total depreciation and amortisation	<u>35,304</u>	<u>17,238</u>	<u>1,420</u>	<u>2,650</u>	<u>36,724</u>	<u>19,888</u>
Directors' remuneration:						
- of the company	1,232	1,089	-	-	1,232	1,089
- of the subsidiaries	726	655	121	135	847	790
Total directors' remuneration	<u>1,958</u>	<u>1,744</u>	<u>121</u>	<u>135</u>	<u>2,079</u>	<u>1,879</u>
<b>Employee benefits expenses (including directors' remuneration)</b>						
SFRS(I) 2.50	Share-based payments					
SFRS(I) 2.51(a)	Equity settled					
SFRS(I) 2.51(a)	Cash settled					
SFRS(I) 1-19.46	8,200	5,760	1,600	1,540	9,800	7,300
	7,686	6,215	2,550	2,330	10,236	8,545
	192,325	167,804	25,794	22,841	218,119	190,645
SFRS(I) 1-1.104 Total employee benefits expenses	<u>214,010</u>	<u>184,302</u>	<u>30,169</u>	<u>26,906</u>	<u>244,179</u>	<u>211,208</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Group	Continuing operations		Discontinued operation		Total		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	
<b>Impairment loss on financial assets</b>							
SFRS(I) 15.113(b)	Impairment loss (reversed) recognised on trade receivables and contract assets	33	253	-	-	33	253
SFRS(I) 7.20(a)(viii)	Impairment loss on debt investments classified as at FVTOCI	-	-	-	-	-	-
	Total impairment loss (reversed) on financial assets	33	253	-	-	33	253
SFRS(I) 1-21.52(a)	Net foreign exchange losses (gains)	392	196	(98)	(109)	294	87
SFRS(I) 1-38.126	Research and development costs	4,800	6,560	-	-	4,800	6,560
SFRS(I) 1-20.39(b)	Government grants	(398)	(473)	-	-	(398)	(473)
SFRS(I) 1-2.36(d)	Cost of inventories recognised as expense	697,027	552,343	97,431	79,923	794,458	632,266
LM 1207(6)(a)	Audit fees:						
	- paid to auditors of the company	110	100	-	-	110	100
	- paid to other auditors	70	60	-	-	70	60
	Total audit fees	180	160	-	-	180	160
LM 1207(6)(a)	Non-audit fees:						
	- paid to auditors of the company	20	20	-	-	20	20
	- paid to other auditors	40	35	-	5	40	40
	Total non-audit fees	60	55	-	5	60	60
	Aggregate amount of fees paid to auditors	240	215	-	5	240	220



# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

### Guidance notes

**1. Additional disclosure if analysis of expenses recognised in profit or loss is by function**

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

LM 1207(6)

**2. Audit fees disclosure**

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.

SFRS(I) 1-1.97

Costs of \$14.17 million have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the group's major customers, which have been included in [*cost of sales/cost of inventories and employee benefits expense*]. The amount represents the estimated cost of work to be carried out in accordance with an agreed schedule up to 2018. \$8.11 million has been expended in the current year, with a provision of \$6.06 million (2017: \$Nil) carried forward to meet anticipated expenditure in 2019 and 2020 (Note 32).

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 50. Dividends

- SFRS(I) 1-1.107 On May 23, 2018, a dividend of 4.2 cents per share (total dividend \$5.04 million) was paid to shareholders. In May 2017, the dividend paid was 6.7 cents per share (total dividend \$8.04 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, 2019. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on April 21, 2019. The total estimated dividend to be paid is \$11.9 million.

### 51. Earnings per share

#### Guidance notes – Earnings per share

SFRS(I) 1-33 *Earnings Per Share*, requires that earnings per share (EPS) information to be presented by entities whose ordinary shares or potential ordinary shares are publicly traded and by entities that are in the process of issuing ordinary shares or potential ordinary shares in public securities markets. If other entities choose to disclose EPS information in financial statements that comply with SFRS(I)s, such disclosures should comply fully with the requirements of SFRS(I) 1-33.

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.

#### Voluntary “per-share” disclosures

Entities may voluntarily disclose per share amounts for other components of total comprehensive income or separate income statement, subject to the requirements of paragraphs 73 and 73A of SFRS(I) 1-33 i.e. 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 (or separate income statement) is used that is not reported as a line item in the statement of comprehensive income (or separate income statement), reconciliation shall be provided between the component used and a line item that is reported in the statement of comprehensive income (or separate income statement).

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the company is based on the following data:

SFRS(I) 1-33.70(a)	<b>Earnings</b>	2018 \$'000	2017 \$'000
	Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the company)	99,166	20,134
	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	<u>100,206</u>	<u>20,134</u>
SFRS(I) 1-33.70(b)	<b>Number of shares</b>	2018 \$'000	2017 \$'000
	Weighted average number of ordinary shares for the purposes of basic earnings per share	120,825	120,000
	Effect of dilutive potential ordinary shares:		
	Share options	2,860	1,872
	Convertible loan notes	45,000	-
	Weight average number of ordinary shares for the purposes of diluted earnings per share	<u>168,685</u>	<u>121,872</u>

#### From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the company is based on the following data.

SFRS(I) 1-33.70(a)	Earnings figures are calculated as follows:	2018 \$'000	2017 \$'000
	Profit for the year attributable to owners of the company	99,166	20,134
	Less:		
	Profit for the year from discontinued operation	(10,676)	(4,171)
	Earnings for the purposes of basic earnings per share from continuing operations	<u>88,490</u>	<u>15,963</u>
	Effect of dilutive potential ordinary shares:		
	Interest on convertible loan notes (net of tax)	1,040	-
	Earnings for the purposes of diluted earnings per share from continuing operations	<u>89,530</u>	<u>15,963</u>

SFRS(I) 1-33.70(b) The denominators used are the same as those detailed above for both basic and diluted earnings per share.

#### SFRS(I) 1-33.68 From discontinued operation

Basic earnings per share for the discontinued operation is 8.8 cents per share (2017: 3.5 cents per share) and diluted earnings per share for the discontinued operation is 6.3 cents per share (2017: 3.4 cents per share), based on the profit for the year from the discontinued operation of \$10.7 million (2017: \$4.2 million) and the denominators detailed above for both basic and diluted earnings per share.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### Impact of changes in accounting policies (other than arising from first-time adoption)

SFRS(I) 1-8.28(f)(ii) The following table summarises that effect on both basic and diluted earnings per share, arising from changes in accounting policies:

	Increase (decrease) in profit for the year attributable to the owners of the company		Increase (decrease) in basic earnings per share		Increase (decrease) in diluted earnings per share	
	2018	2017	2018	2017	2018	2017
	\$'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

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### 52. Disposal of subsidiary

SFRS(I) 1-7.40(d) As referred to in Note 48, on November 30, 2018, the group discontinued its electronic toys operation at the time of the disposal of its subsidiary, GAAP Playsystems Limited.

Details of the disposal are as follows:

#### Carrying amounts of net assets over which control was lost

	December 31, 2018 \$'000
<b>Non-current asset</b>	
Property, plant and equipment	10,125
<b>Current assets</b>	
Inventories	11,976
Trade receivables	13,549
Cash and cash equivalents	4,382
Total current assets	29,907
<b>Non-current liabilities</b>	
Retirement benefit obligation	(4,932)
Deferred tax liability	(255)
Total non-current liabilities	(5,187)
<b>Current liabilities</b>	
Income tax payable	(1,854)
Trade payables	(2,321)
Bank loans	(6,398)
Total current liabilities	(10,573)
Attributable goodwill	1,673
Net assets derecognised	25,945
SFRS(I) 1-7.40(a) <b>Consideration received:</b>	
SFRS(I) 1-7.40(b) Cash	10,899
Deferred consideration	23,539
Total consideration received	34,438

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

	2018 \$'000
<b>Gain on disposal</b>	
Consideration received	34,438
Net assets derecognised	(25,945)
Non-controlling interest derecognised	-
Fair value of retained interest	-
Cumulative gain (loss) on financial assets at FVTOCI reclassified from equity on loss of control of subsidiary	-
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	-
	<hr/>
Gain on disposal	<u>8,493</u>

The gain on disposal of the subsidiary is recorded as part of profit for the year from discontinued operation in the statement of profit or loss and other comprehensive income.

#### Guidance notes

For the purposes of illustration, the disclosures above include line items with Nil values. Delete line items if not applicable.

	2018 \$'000
SFRS(I) 1-7.40(c) <b>Net cash inflow arising on disposal</b>	
Cash consideration received	10,899
Cash and cash equivalents disposed of	(4,382)
	<hr/>
	<u>6,517</u>

The deferred consideration will be settled in cash by the purchaser on or before May 30, 2019.

The impact of GAAP Playsystems Limited on the group's results and cash flows in the current and prior periods is disclosed in Note 48.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 53. Acquisition of subsidiary

#### Guidance notes

SFRS(I) 3.B66 The disclosures illustrated here that are required by SFRS(I) 3.B64 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.

SFRS(I) 3.B64(a)-(d) On August 1, 2018, the group acquired 80% of the issued share capital of Huiji Electronic Systems (China) Limited ("HESL") for cash consideration of \$8.1 million. This transaction has been accounted for by the acquisition method of accounting.

HESL is an entity incorporated in the People's Republic of China with its principal activity being the sale and manufacture of electronic equipment. The group acquired HESL 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).

SFRS(I) 3.B64(f) **53.1 Consideration transferred (at acquisition date fair values)**

<u>Huiji Electronic Systems (China) Limited</u>		<u>Total</u>
		\$'000
	Cash	7,942
	Contingent consideration arrangement (i)	75
	Effect of settlement of legal claim against HESL (ii)	40
SFRS(I) 1-7.40(a)	Total	<u>8,057</u>

SFRS(I) 3.B64(g) (i) The contingent consideration requires the group to pay the vendors an additional \$3,000,000 if HESL's profit before interest and tax (PBIT) in each of the years 2018 and 2019 exceeds \$5,000,000. HESL's PBIT for the past three years has been \$2,700,000 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 based on an income approach and discounted at 13% per annum.

SFRS(I) 3.B64(l) (ii) Prior to the acquisition of HESL, the group was pursuing a legal claim against that company in respect of damage to goods in transit to a customer. Although the group 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 gains and losses" 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.

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

### Guidance notes – Transactions recognised separately from the acquisition of assets or assumption of liabilities in a business combination

SFRS(I) 3.51

The illustrative disclosures above are on a settlement of pre-existing non-contractual relationship between acquirer and acquiree, and is an example of a transaction to be recognised separately from the acquisition of assets or assumption of liabilities in a business combination.

A transaction entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree (or its former owners) before the combination, is likely to be a separate transaction. The following are examples of separate transactions that are not to be included in applying the acquisition method:

- a. A transaction that in effect settles pre-existing relationships between the acquirer and acquiree;
- b. A transaction that remunerates employees or former owners of the acquiree for future services; and
- c. A transaction that reimburses the acquiree or its former owners for paying the acquirer's acquisition-related costs.

SFRS(I) 3.B50–B62 provide related application guidance.

SFRS(I) 3.B64(m)

Acquisition-related costs amounting to \$145,000 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 the statement of profit or loss and other comprehensive income.

SFRS(I) 3.B64(i)

### 53.2 Assets acquired and liabilities assumed at the date of acquisition

SFRS(I) 1-7.40(d)

Huiji Electronic Systems (China) Limited

#### Current assets

Cash and cash equivalents	4,272
Trade and other receivables	12,520
Inventories	2,854

#### Non-current assets

Trademarks	870
Plant and equipment	8,907
Deferred tax asset	351

#### Current liabilities

Trade and other payables	(21,268)
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#### Non-current liabilities

Deferred tax liabilities	(150)
Retirement benefit obligation	(2,436)
Contingent liabilities	(21)

Net assets acquired and liabilities assumed

5,899



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

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 (See Note 55), 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.

SFRS(I) 3.B64(h)

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of \$12,520,000 had gross contractual amounts of \$13,000,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is \$480,000.

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.

### 53.3 Non-controlling interest

SFRS(I) 3.B64(o)

The non-controlling interest (20%) in HESL recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$1,500,000. 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 range of 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.

### 53.4 Goodwill arising on acquisition

#### Huiji Electronic Systems (China) Limited

	Total \$'000
Consideration transferred	8,057
Add: Non-controlling interest	1,500
Less: Fair value of identifiable net assets acquired	<u>(5,899)</u>
Goodwill arising on acquisition	<u>3,658</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

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, revenue growth, future market development 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 arising on these acquisitions 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.

### 53.5 Net cash outflow on acquisition of subsidiaries

	2018 \$'000
SFRS(I) 1-7.40(b) Consideration paid in cash	7,942
SFRS(I) 1-7.40(c) Less: Cash and cash equivalent balances acquired	<u>(4,272)</u>
	<u>3,670</u>

### 53.6 Impact of acquisitions on the results of the group

SFRS(I) 3.B64(q) Included in the profit for the year is \$0.5 million attributable to the additional business generated by HESL. Revenue for the period from HESL amounted \$6.9 million.

Had the business combination during the year been effected at January 1, 2018, the revenue of the group from continuing operations would have been \$1.1 billion, and the profit for the year from continuing operations would have been \$106.2 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.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

- SFRS(I) 3.61 The management of the group considers these “pro-forma” numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.
- In determining the “pro-forma” revenue and profit of the group had HESL been acquired at the beginning of the current reporting period, the management has:
- Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements;
  - Based borrowing costs on the funding levels, credit ratings and debt/equity position of the group after the business combination; and
  - Excluded takeover defense costs of the acquiree as a one-off pre-acquisition transaction.

#### 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.

The intended scope of the second bullet point is not completely clear. It will certainly capture gains or losses that arise where the previous equity interest was not recognised at fair value, e.g. an interest in an associate to which equity accounting has been applied. But it would appear appropriate also to disclose any gain or loss in respect of the previous equity interest that is reclassified from other comprehensive income to the statement of profit or loss and other comprehensive income, e.g. because the investment was classified as at fair value through other comprehensive income.

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 (China) Limited has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed below 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]*

Disclosures are made for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-7.43

#### 54. Non-cash transactions

Additions to plant and equipment during the year amounting to \$1.56 million (2017: \$0.8 million) were financed by new finance leases.

SFRS(I) 1-37.86

#### 55. Contingent liabilities

During the year, a customer of the group instigated proceedings for alleged defects in an electronic product which, it is claimed, were the cause of a major fire in the customer's premises in February 2018. Total losses to the customer have been estimated at \$29.8 million and this amount is being claimed from the group.

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

The group acquired \$0.02 million of contingent liabilities at the date of acquisition of Huiji Electronic Systems (China) Limited (Note 53.2). These were recognised as provisions, and were settled prior to the end of the reporting period (Note 32).

SFRS(I) 12.23

#### Contingent liabilities arising from interest in a joint venture

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Guarantees given to banks in respect of bank facilities utilised by JV Electronics Limited	22,981	23,023	23,848

The amount disclosed represents the aggregate amount of the contingent liabilities for the group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The group is not contingently liable for the liabilities of the other venturers in its joint ventures.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

#### SFRS(I) 1-16.74(c) 56. Commitments

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Commitments for the acquisition of property, plant and equipment	9,965	20,066	32,777

SFRS(I) 1-40.75(h) In addition, the group has entered into a contract for the management and maintenance of its investment property for the next 5 years, which will give rise to an annual charge of \$0.12 million.

SFRS(I) 12.23 The group's share of the capital commitments of its joint venture, JV Electronics Limited, is as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Commitments for the acquisition of property, plant and equipment	928	379	350

#### 57. Operating lease arrangements

##### The group as lessee

	Group	
	2018	2017
	\$'000	\$'000
SFRS(I) 1-17.35(c) Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	297	283
Contingent rentals	-	-
Sub-lease payments received	-	-
	297	283

SFRS(I) 1-17.35(a) At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Within one year	309	297	296
In the second to fifth years inclusive	1,420	1,439	1,459
After five years	692	930	770
	2,421	2,666	2,525

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

##### Guidance notes

Where applicable:

In respect of non-cancellable operating leases, the following liabilities have been recognised:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Onerous lease contracts:			
Current	xx	xx	xx
Non-current	xx	xx	xx
Lease incentives:			
Current	xx	xx	xx
Non-current	xx	xx	xx
	<u>xx</u>	<u>xx</u>	<u>xx</u>

SFRS(I) 1-17.35(d) Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated  
SFRS(I) 7.7 for an average term of seven years and rentals are fixed for an average of three years.

SFRS(I) 1-  
17.56(b),(c)

##### The group as lessor

The group rents out its investment properties in Singapore, U.S.A. and the People's Republic of China under operating leases. Property rental income earned during the year was \$0.6 million (2017: \$0.7 million). The properties are managed and maintained by independent property managers at an annual cost of \$0.12 million per year. In addition, legal fees of \$0.01 million (2017: \$0.01 million) which arose in negotiating operating leases for a substantial proportion of the group's investment property portfolio in 2011 are being expensed over the lease terms of the relevant properties.

Certain of the group's investment properties, with a carrying amount of \$3.89 million, have been disposed of since the end of the reporting period. The remaining properties are expected to generate rental yields of 10% on an ongoing basis. All of the properties held have committed tenants for the next seven years.

SFRS(I) 1-17.56(a) At the end of the reporting period, the group has contracted with tenants for the following future minimum lease payments:

	Group		
	December 31, 2018	December 31, 2017	January 1, 2017
	\$'000	\$'000	\$'000
Within one year	810	602	607
In the second to fifth years inclusive	3,179	3,240	3,256
After five years	1,539	2,288	3,345
	<u>5,528</u>	<u>6,130</u>	<u>7,208</u>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

### 58. Adoption of a new financial reporting framework

SFRS(I) 1.23 The group and the company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

#### Guidance notes

SFRS(I) 1.7  
SFRS(I) 1.8 First-time adopters of SFRS(I)s are required to use the same accounting policies in their opening SFRS(I) statement of financial position (January 1, 2017) and throughout all periods presented in their first SFRS(I) financial statements (periods up till December 31, 2018). Those accounting policies will comply with each SFRS(I) effective at the end of the first SFRS(I) reporting period (December 31, 2018), except as specified by SFRS(I) 1’s exceptions and voluntary exemptions from retrospective application. Entities are not allowed to apply different versions of SFRS(I) that were effective at earlier dates, but they may apply a new SFRS(I) that is not yet mandatory if that SFRS(I) permits early application.

SFRS(I) 1.23 As a first-time adopter of SFRS(I), the group and the company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the group’s and the company’s previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 [*list other new SFRS(I) pronouncements, if applicable*] which are effective at the same time, [*and the election of certain transition options available under SFRS(I) 1*].

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

Management has elected the following transition exemption:

- SFRS(I) 1.C1  
SFRS(I) 1.C4(b)-(f)
- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before January 1, 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.
- SFRS(I) 1.C4(g)-(h)
- SFRS(I) 1.D34
- SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SFRS(I) 1, the group has tested goodwill for impairment at the date of transition to SFRS(I). No goodwill impairment was deemed necessary at January 1, 2017.
  - As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed using the transition provisions of SFRS(I) 15.

#### Guidance notes

- SFRS(I) 1.E1
- SFRS(I) 1.E2
- SFRS(I) 1.E1 allows an entity to apply the exemption given in SFRS(I) 9 to not restate comparatives in the year of initial application, in which case the cumulative difference in loss allowance to be recognised in terms of SFRS(I) 9 are charged against opening retained earnings in the period in which the entity first applies SFRS(I) 9. Nevertheless, restatement of comparatives is permitted if and only if it is possible without the use of hindsight.
- An entity that chooses to present comparative information that does not comply with SFRS(I) 7 and SFRS(I) 9 in its first year of transition shall:
- (a) Apply the requirements of its previous GAAP in place of the requirements of SFRS(I) 9 to comparative information about items within the scope of SFRS(I) 9.
  - (b) Disclose this fact together with the basis used to prepare this information.
  - (c) Treat any adjustment between the statement of financial position at the comparative period's reporting date (i.e. the statement of financial position that includes comparative information under previous GAAP) and the statement of financial position at the start of the first SFRS(I) reporting period (i.e. the first period that includes information that complies with SFRS(I) 7 and SFRS(I) 9) as arising from a change in accounting policy and give the disclosures required by SFRS(I) 1-8.
  - (d) Provide additional disclosures when compliance with the specific requirements in SFRS(I)s is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.



# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

### Guidance notes – examples of other exemptions available under SFRS(I) 1

Where applicable:

SFRS(I) 1.C2

- The group has not applied SFRS(I) 1-21 retrospectively to fair value adjustments and goodwill from certain business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree.

*If the entity elects the above exemption, the accounting policy on foreign currency transactions and translation should be tailored accordingly. If applicable, the following is an illustrative disclosure of the accounting policy in Note 2:*

Any goodwill arising on the acquisition of a foreign operation subsequent to <date> and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Prior to <date>, the group treated certain goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

SFRS(I) 1.D5

- The group has applied the option to measure certain property, plant and equipment at the date of transition to SFRS(I) at its fair value and use that fair value as its deemed cost at that date.

SFRS(I) 1.D13

- The group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before January 1, 2017 and shall include later translation differences.

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1.24

### Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 are presented and explained below.

#### Group

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 9 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As adjusted under SFRS(I) \$'000
<b>Current assets</b>								
Cash and cash equivalents	2,374	-		-		-		2,374
Trade and other receivables	90,258	-		(500)	(a)	(12,175)	(f)	77,583
Contract assets	-	-		(122)	(a)	12,175	(f)	12,053
Contract costs	-	-		-		110	(h)	110
Finance lease receivables	10,474	-		-		-		10,474
Held for trading investments (FRS 39)	4,254	-		(4,254)	(b)	-		-
Financial assets at fair value through profit or loss	-	-		4,254	(b)	-		4,254
Held-to-maturity financial assets (FRS 39)	18,577	-		(18,577)	(c)	-		-
Other financial assets at amortised cost	-	-		18,577	(c)	-		18,577
Derivative financial instruments	1,433	-		-		-		1,433
Inventories	77,992	-		-		-		77,992
Rights to returned goods asset	-	-		-		604	(i)	604
Assets classified as held for sale	-	-		-		-		-
<b>Non-current assets</b>								
Property, plant and equipment	559,739	-		-		-		559,739
Investment property	11,299	-		-		-		11,299
Goodwill	2,754	-		-		-		2,754
Other intangible assets	3,523	-		-		-		3,523
Subsidiaries	-	-		-		-		-
Associates	10,999	-		-		-		10,999
Joint venture	3,420	-		-		-		3,420
Available-for-sale investments (FRS 39)	23,064	-		(23,064)	(d)	-		-
Financial assets at fair value through other comprehensive income	-	-		23,064	(d)	-		23,064
Financial assets at fair value through profit or loss	975	-		-		-		975
Held-to-maturity financial assets (FRS 39)	2,669	-		(2,669)	(c)	-		-
Other financial assets at amortised cost	-	-		2,669	(c)	-		2,669
Derivative financial instruments	-	-		-		-		-
Finance lease receivables	42,489	-		-		-		42,489
Deferred tax assets	1,941	-		110	(a)	805	(l)	2,856

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

	As previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 9 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As adjusted under SFRS(I) \$'000
<b>Current liabilities</b>								
Bank overdrafts and loans	29,999	-		-		-		29,999
Trade and other payables	110,210	-		-		(4,048)	(g)	106,162
Contract liabilities	-	-		-		4,048	(g)	6,357
						1,943	(j)	
						366	(k)	
Refund liabilities	-	-		-		1,012	(i)	1,012
Finance leases	1,982	-		-		-		1,982
Derivative financial instruments	-	-		-		-		-
Provisions	4,385	-		-		-		4,385
Income tax payable	583	-		-		-		583
Liabilities directly associated with assets classified as held for sale	-	-		-		-		-
<b>Non-current liabilities</b>								
Bank loans	325,220	-		-		-		325,220
Convertible loan notes	-	-		-		-		-
Other payables	-	-		-		-		-
Contract liabilities	-	-		-		1,857	(j)	1,857
Finance leases	1,244	-		-		-		1,244
Provisions	-	-		-		-		-
Retirement benefit obligations	49,805	-		-		-		49,805
Share-based payments	-	-		-		-		-
Deferred tax liabilities	4,350	-		-		-		4,350
<b>Capital, reserves and non-controlling interests</b>								
Share capital	152,098	-		-		-		152,098
Treasury shares	-	-		-		-		-
Capital reserves	-	-		-		-		-
Revaluation reserves	38,409	-		-		-		38,409
Hedging and translation reserves	(2,808)	-		-		-		(2,808)
Retained earnings	150,278	-		(512)		(3,659)		146,107
Non-controlling interests	2,479	-		-		-		2,479

# Notes to financial statements

Source

## GAAP Singapore Ltd and its subsidiaries

### Notes to financial statements December 31, 2018

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS	Application of SFRS(I) 1	(Note)	Initial application of SFRS(I) 9	(Note)	Initial application of SFRS(I) 15	(Note)	As adjusted under SFRS(I)
	\$'000	\$'000		\$'000		\$'000		\$'000
<b>Current assets</b>								
Cash and cash equivalents	1,175	-		-				1,175
Trade and other receivables	124,318	-		(550)	(a)	(14,039)	(f)	109,729
Contract assets	-	-		(141)	(a)	14,039	(f)	13,898
Contract costs	-	-		-		135	(h)	135
Finance lease receivables	19,674	-		-		-		19,674
Held for trading investments (FRS 39)	11,125	-		(11,125)	(b)	-		-
Financial assets at fair value through profit or loss	-	-		11,125	(b)	-		11,125
Held-to-maturity financial assets (FRS 39)	18,605	-		(18,605)	(c)	-		-
Other financial assets at amortised cost	-	-		18,605	(c)	-		18,605
Derivative financial instruments	2,938	-		-		-		2,938
Inventories	107,920	-		-		-		107,920
Rights to returned goods asset	-	-		-		672	(i)	672
Assets classified as held for sale	-	-		-		-		-
<b>Non-current assets</b>								
Property, plant and equipment	566,842	-		-		-		566,842
Investment property	11,409	-		-		-		11,409
Goodwill	2,538	-		-		-		2,538
Other intangible assets	21,294	-		-		-		21,294
Subsidiaries	-	-		-		-		-
Associates	12,274	-		-		-		12,274
Joint venture	3,662	-		-		-		3,662
Available-for-sale investments (FRS 39)	23,215	-		(23,215)	(d)	-		-
Financial assets at fair value through other comprehensive income	-	-		23,215	(d)	-		23,215
Financial assets at fair value through profit or loss	1,000	-		-		-		1,000
Held-to-maturity financial assets (FRS 39)	2,694	-		(2,694)	(c)	-		-
Other financial assets at amortised cost	-	-		2,694	(c)	-		2,694
Derivative financial instruments	-	-		-		-		-
Finance lease receivables	44,489	-		-		-		44,489
Deferred tax assets	2,241	-		125	(a)	925	(l)	3,291

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

	As previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 9 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As adjusted under SFRS(I) \$'000
<b>Current liabilities</b>								
Bank overdrafts and loans	78,686	-		-		-		78,686
Trade and other payables	132,258	-		-		(3,778)	(g)	128,480
Contract liabilities	-	-		-		3,778	(g)	6,793
						2,544	(j)	
						471	(k)	
Refund liabilities	-	-		-		1,139	(i)	1,139
Finance leases	1,483	-		-		-		1,483
Derivative financial instruments	-	-		-		-		-
Provisions	2,065	-		-		-		2,065
Income tax payable	1,986	-		-		-		1,986
Liabilities directly associated with assets classified as held for sale	-	-		-		-		-
<b>Non-current liabilities</b>								
Bank loans	358,617	-		-		-		358,617
Convertible loan notes	-	-		-		-		-
Other payables	-	-		-		-		-
Contract liabilities	-	-		-		1,798	(j)	1,798
Finance leases	1,244	-		-		-		1,244
Provisions	-	-		-		-		-
Retirement benefit obligations	38,474	-		-		-		38,474
Share-based payments	3,516	-		-		-		3,516
Deferred tax liabilities	5,772	-		-		-		5,772
<b>Capital, reserves and non-controlling interests</b>								
Share capital	152,098	-		-		-		152,098
Treasury shares	-	-		-		-		-
Capital reserves	1,202	-		-		-		1,202
Revaluation reserves	35,941	-		-		-		35,941
Hedging and translation reserves	(1,492)	-		-		-		(1,492)
Retained earnings	162,987	-		(566)		(4,220)		158,201
Non-controlling interests	2,576	-		-		-		2,576

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements

December 31, 2018

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

	As previously reported under FRS	Application of SFRS(I) 1	(Note)	Initial application of SFRS(I) 9	(Note)	Initial application of SFRS(I) 15	(Note)	As adjusted under SFRS(I)
	\$'000	\$'000		\$'000		\$'000		\$'000
<b>Continuing operations</b>								
Revenue	729,024	-		-		(127)	(i)	728,250
						(542)	(j)	
						(105)	(k)	
Other operating income	6,745	-		-		-		6,745
Changes in inventories of finished goods and work in progress	7,682	-		-		(25)	(h)	
Raw materials and consumables used	(465,961)	-		-		(68)	(i)	7,589
Employee benefits expense	(188,809)	-		-		-		(465,961)
Depreciation and amortisation expense	(17,238)	-		-		-		(188,809)
Other operating expenses	(29,492)	-		(69)	(a)	-		(17,238)
Share of profit of associates and joint venture	1,517	-		-		-		(29,561)
Investment revenue	2,270	-		-		-		1,517
Other gains and losses	(171)	-		-		-		2,270
Net gain (loss) from the derecognition of financial assets measured at amortised cost	-	-		-		-		(171)
Net gain (loss) on reclassification of financial assets from amortised cost to FVTPL	-	-		-		-		-
Net gain (loss) on reclassification of financial assets from FVTOCI to FVTPL	-	-		-		-		-
Impairment loss reversed (recognised) on financial assets	(253)	-		-		-		(253)
Finance costs	(24,508)	-		-		-		(24,508)
Income tax expense	(3,915)	-		(15)	(a)	120	(l)	(3,810)
Profit for the year from continuing operations	16,891	-		(84)		(747)		16,060
<b>Discontinued operation</b>								
Profit for the year from discontinued operation	4,171	-		-		-		4,171

# Notes to financial statements

Source

## GAAP Singapore Ltd and its subsidiaries

### Notes to financial statements December 31, 2018

	As previously reported under FRS \$'000	Application of SFRS(I) 1 \$'000	(Note)	Initial application of SFRS(I) 9 \$'000	(Note)	Initial application of SFRS(I) 15 \$'000	(Note)	As adjusted under SFRS(I) \$'000
<b>Other comprehensive income</b>								
<i>Items that will not be reclassified subsequently to profit or loss</i>								
Net fair value gain on investments in equity instruments designated as at FVTOCI	-	-		47	(e)	-		47
Net fair value gain on financial liabilities designated as at FVTPL attributable to changes in credit risk	-	-		-		-		-
Gain (Loss) on revaluation of property	(2,845)	-		-		-		(2,845)
Remeasurement of defined benefit obligation	-	-		-		-		-
Net fair value gain on hedging instruments entered into for cash flow hedges subject to basis adjustment	-	-		-		-		-
Share of other comprehensive income of associates and joint venture	-	-		-		-		-
Income tax relating to component of other comprehensive income that will not be reclassified subsequently	320	-		-		-		320
<i>Items that may be reclassified subsequently to profit or loss</i>								
Net fair value gain on available-for-sale financial assets	57	-		(57)	(e)	-		-
Net fair value gain on investments in debt instruments measured at FVTOCI	-	-		10	(e)	-		10
Net fair value gain on hedging instruments entered into for cash flow hedges not subject to basis adjustment	586	-		-		-		586
Exchange differences on translation of foreign operations	730	-		-		-		730
Share of other comprehensive income of associates and joint venture	-	-		-		-		-
Income tax relating to component of other comprehensive income that may be reclassified subsequently	-	-		-		-		-
<b>Total comprehensive income for the year</b>	<b>19,910</b>	<b>-</b>		<b>(84)</b>		<b>(747)</b>		<b>19,079</b>

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1.25

#### **Notes to the reconciliations:**

##### **SFRS(I) 9**

- (a) The application of the SFRS(I) 9 impairment requirements has resulted in additional loss allowance to be recognised.
- (b) Held for trading non-derivative financial assets that were measured at fair value through profit or loss (FVTPL) under FRS 39 continue to be measured as such under SFRS(I) 9.
- (c) Financial assets classified as held-to-maturity under FRS 39 that were measured at amortised cost continue to be measured at amortised cost under SFRS(I) 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- (d) The group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale investments and were measured at fair value at each reporting date under FRS 39 have been designated as at FVTOCI.

The group's redeemable notes that were classified as available-for-sale investments under FRS 39 have been classified as financial assets at fair value through other comprehensive income (FVTOCI) as they are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and they have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- (e) The change in classification of the group's redeemable notes and investments in equity instruments has resulted in the fair value gain on available-for-sale investments of \$57,000 recognised in other comprehensive income that used to be subsequently reclassified to profit or loss to be split into two parts: 1) those arising on equity investments designated as at FVTOCI that will not be subsequently reclassified to profit or loss, and 2) those arising from debt investments measured at FVTOCI (i.e. the redeemable notes) that may be subsequently reclassified to profit or loss.

##### **SFRS(I) 15**

- (f) Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as part of trade receivables (amounts due from customers under construction contracts) and so has been reclassified. There was no impact on the statement of profit or loss as a result of these reclassifications.
- (g) The contract liability balance includes an amount reclassified from amounts due to customers under construction contracts. This had no impact on the statement of profit or loss.
- (h) The group incurs incremental commission fees paid to intermediaries in connection with obtaining residential property sales contracts. When the group expects that these incremental costs will be recovered, it capitalises these and amortises them over the period during which the residential property is transferred to the customer. These amounts were previously expensed as incurred.
- (i) Under the group's standard contract terms for the sale of leisure goods and electronic equipment, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the group has a right to recover the product from customers when they exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. No adjustments were previously made for this in the group's financial statements.



# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

- (j) The amounts allocated to the maintenance service for electronic equipment increased as a result of the allocation method required under SFRS(I) 15 (i.e. an allocation based on stand-alone selling price). Such services are paid up-front as part of the initial sales transaction whereas revenue is recognised proportionally over the three-year period over which maintenance services are provided to the customer. Based on the previous allocation method, no amounts were deferred. There has been an adjustment to revenue and recognition of a contract liability to reflect the change in accounting.
- (k) For internet sale of electronic equipment there is a timing difference between payment for the goods and when control of the goods passes to the customer on delivery. An adjustment to revenue has therefore been made to reflect the change in accounting. A contract liability has also been recognised for this amount. Previously no amounts were deferred.
- (l) To recognise the impact on deferred income tax of the other adjustments recognised.

#### Guidance notes –

Reconciliations of equity need to be disclosed for the company if there is impact at the company level. These illustrative financial statements assume there is no impact at the company level.

SFRS(I) 1.25 (D) Impact on the Statement of Cash Flows for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 have not had a material impact on the statement of cash flows.

#### SFRS(I) 1-10.21 **59. Events after the reporting period**

On January 18, 2019, the premises of Huiji Electronic Systems (China) Limited were seriously damaged by fire. Insurance claims are in process, but the cost of refurbishment is currently expected to exceed the amounts that will be reimbursed by \$8.3 million.

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements  
December 31, 2018

SFRS(I) 1-1.41

## 60. Reclassifications and comparative figures (other than arising from first-time adoption)

### 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, e.g. following the group and the company's adoption of the SFRS(I)s that became effective during the year*].

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:

	<u>Group</u>	
	Previously reported	After reclassification
	2018	2017
	\$'000	\$'000

[To provide details]

xx

xx

## 61. Standards issued but not effective

SFRS(I) 1-8.30

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the group and the company in the periods of their initial application.

### Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-19 *Employee Benefits: Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

### Effective for annual periods beginning on or after January 1, 2021

- SFRS(I) 17 *Insurance Contracts*

### Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

# Notes to financial statements

## Source

GAAP Singapore Ltd and its subsidiaries

Notes to financial statements

December 31, 2018

### Guidance notes

#### Disclosures of SFRS(I) 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 yet is complete as of September 30, 2018. The potential impact of any new or revised SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) after that date but before the issue of the financial statements should also be considered and disclosed.

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

SFRS(I) 1-8.31(d),(e)

To meet the requirements of SFRS(I) 1-8.30(b) on disclosing any known or reasonably estimable information relevant to assessing the possible impact of a new SFRS(I), SFRS(I) INT or amendment to SFRS(I) on the entity's financial statements in the period of initial application, 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.

Illustrative disclosures on the discussion of possible impact:

*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.]*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

- SFRS(I) 1-8.30(b) **SFRS(I) 16 Leases**  
The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.
- Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.
- [Describe possible impact on the financial statements in the period of initial application.]*
- SFRS(I) 1-8.30(b) **Amendments to SFRS(I) 9 Financial Instruments: Prepayment Features with Negative Compensation**  
The pronouncement allows financial assets with a prepayment option that could result in a party paying or receiving reasonable compensation for early termination to meet the (solely payments of principal and interest) SPPI condition if specific criteria are met.
- [Describe possible impact on the financial statements in the period of initial application.]*
- SFRS(I) 1-8.30(b) **Amendments to SFRS(I) 1-19 Employee Benefits: Plan Amendment, Curtailment or Settlement**  
The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).
- On measuring the current service cost and the net interest on the net defined benefit liability (asset), an entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under SFRS(I) 1-19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).
- [Describe possible impact on the financial statements in the period of initial application.]*
- SFRS(I) 1-8.30(b) **Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures**  
The pronouncement clarifies that SFRS(I) 9, including its impairment requirements, applies to long-term interests in associates and joint ventures to which the equity method is not applied but that form part of an entity's net investment in the investees.
- [Describe possible impact on the financial statements in the period of initial application.]*

# Notes to financial statements

## Source

### GAAP Singapore Ltd and its subsidiaries

#### Notes to financial statements December 31, 2018

SFRS(I) 1-8.30(b)

#### **SFRS(I) INT 23 Uncertainty over Income Tax Treatments**

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - if probable, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - if not probable, the entity should reflect the effect of uncertainty in determining its accounting tax position.

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

SFRS(I) 1-8.30(b)

#### **Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The pronouncement addresses the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. In a transaction involving an associate or a joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

When an entity sells or contributes assets that constitute a business to a joint venture or associate, or loses control of a subsidiary that contains a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised in full.

When an entity sells or contributes assets that do not constitute a business to a joint venture or associate, or loses control of a subsidiary that does not contain a business but it retains joint control or significant influence, the gain or loss resulting from that transaction is recognised only to the extent of the unrelated investors' interests in the joint venture or associate, i.e. the entity's share of the gain or loss is eliminated.

~~Management does not plan to early adopt the amendments to SFRS(I) 10 and SFRS(I) 1-28 for financial year ending December 31, 2019.~~

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

# Deloitte.

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