

Foreword

The last three years have been very challenging for many preparers of financial statements as a result of numerous changes in the Singapore Financial Reporting Standards (FRS), following similar changes in the International Financial Reporting Standards (IFRS). Almost every FRS has been revised and many new ones issued, some of which are highly complex in its application.

Although there are relatively fewer changes to the FRS that are effective in 2006, practitioners continue to grapple with interpretations and practices that are evolving as these are sometimes not explicitly addressed in the standards. In July 2006, the International Accounting Standards Board announced that it will be providing a more stable platform for companies applying IFRS and will not require the application of new or revised IFRS before 2009, other than for some specifically identified ones, which will be effective earlier. As we are expecting a more stable FRS platform, 2007 and 2008 will be an opportune time for practitioners to take stock and smooth out the teething problems encountered in adopting new complex standards such as those relating to financial instruments, business combinations and share-based payments.

In 2006, the Singapore Companies (Amendment) Act 2005 also became effective, which *inter alia* allows companies to buy back their own shares from capital, hold these shares as treasury shares and abolishes the par value and authorised share capital for companies. The Code of Corporate Governance which was revised in 2005 will also be applicable for listed companies holding their Annual General Meetings on or after 1 January 2007.

This 2006 edition of the Illustrative Annual Report, first published in 2003, contains the up-to-date best practice corporate disclosures in compliance with the Singapore Companies Act, the Singapore FRS, and the Singapore Exchange Securities Trading Listing Manual for companies with financial year ending 31 December 2006. While this publication provides a useful reference point for the preparation of your companies' annual reports and/or statutory financial statements, we also encourage you to consult your PricewaterhouseCoopers audit partner and manager if you have any questions or comments regarding corporate disclosure requirements applicable for this financial year.



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Abbreviations used

References are made in this publication to the legislation, accounting pronouncement, guideline or listing rule that requires a particular disclosure or accounting treatment. The abbreviations used to identify the source of authority are as follows:

CA	Singapore Companies Act
CCG	Code of Corporate Governance Guidance Notes
FRS	Singapore Financial Reporting Standards, issued by the Council on Corporate Disclosure and Governance (CCDG)
IAS	International Accounting Standards, which forms part of the International Financial Reporting Standards
IFRS	International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB)
INT FRS	Interpretations of Singapore Financial Reporting Standards
SGX	Singapore Exchange Securities Trading Listing Manual Requirements
SSA	Singapore Standards on Auditing

Publication Guide

Scope

This publication, Illustrative Annual Report 2006, provides a sample annual report of a fictitious group of companies. PwC Holdings 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.

Effective date

These financial statements include the disclosures required by the Singapore Companies Act, SGX-ST's Listing Manual Requirements and Singapore Financial Reporting Standards and Interpretations that are applicable at the date of this publication.

Illustrative in nature

The sample disclosures in this illustrative annual report should not be considered to be the only acceptable form of presentation. The form and content of each reporting entity's annual report are the responsibility of the entity's directors 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's Listing Manual Requirements and Singapore Financial Reporting Standards.

The illustrative financial statements contained in this annual report is not a substitute for reading the legislation or standards themselves, or for professional judgement as to fairness of presentation. They do not cover all possible disclosures required by the Singapore Companies Act, SGX-ST's Listing Manual Requirements and Singapore Financial Reporting Standards. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws, accounting standards and stock exchange regulations in Singapore.

Similarly, the corporate governance disclosures illustrated in this annual report are not meant to be templates for all reporting entities. The board of directors for each reporting entity should formulate the corporate strategies and control measures tailored to the entity's particular circumstances and corporate governance processes. It therefore follows that corporate governance disclosures in annual report would necessarily differ from one reporting entity to the other.

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.

Seek professional advice

The information contained herein is intended to be a general guide and should not be used or relied upon as a substitute for specific professional advice.

While every effort has been made to ensure accuracy, no liability is accepted by PricewaterhouseCoopers or any employee of the firm on any grounds whatsoever to any party in respect of any errors or omissions, or any action or omission to act a result of the information contained in this publication.