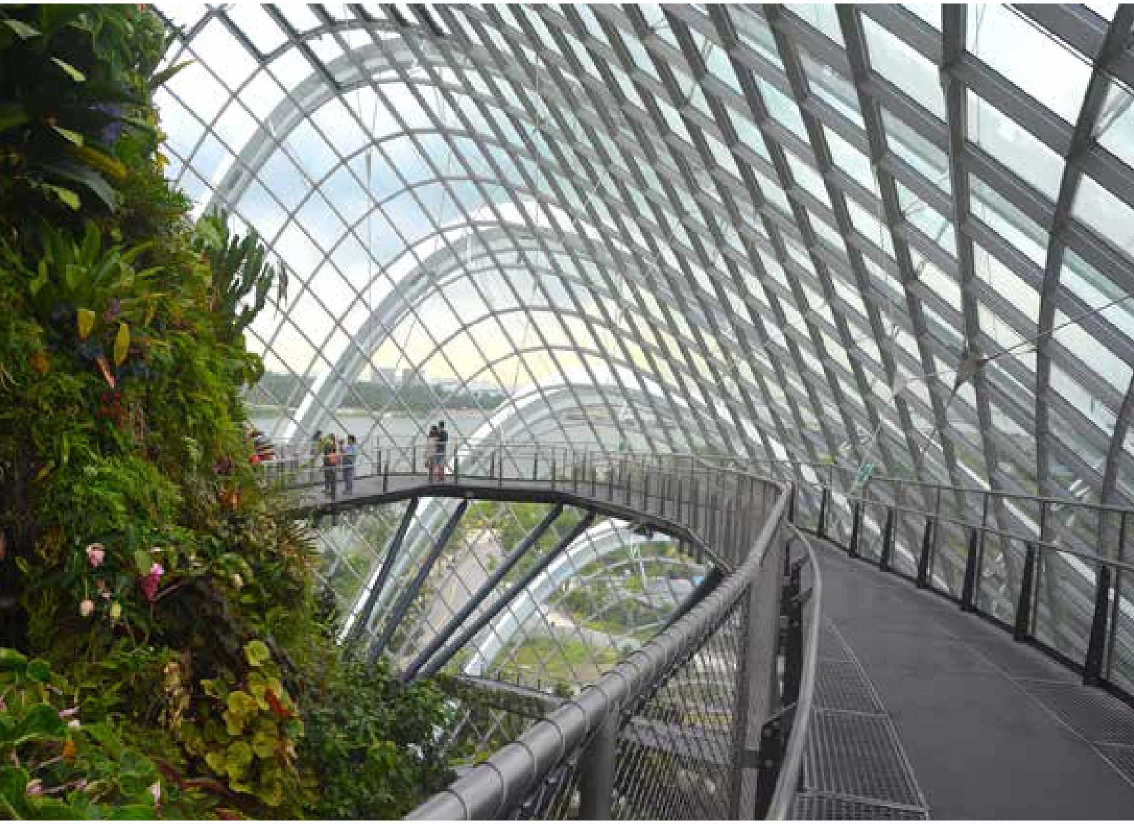

Creating value through trust and transparency

Illustrative Annual Report 2016

PwC Pte Ltd

(Incorporated in Singapore.

Registration Number: 197406215L)

pwc

About PricewaterhouseCoopers

PwC is one of the world's largest providers of assurance, tax, and business consulting services. We believe that the best outcomes are achieved through close collaboration with our clients and the many stakeholder communities we serve. So every day, 223,000 PwC people in 157 countries work hard to build strong relationships with others and understand the issues and aspirations that drive them.

PwC Singapore operates on a collaborative basis with PwC China, Hong Kong and Taiwan, subject to local applicable laws. Collectively, we have around 730 partners and a strength of 17,000 people. As a leading professional services firm, we count among our clients, top-tier companies listed on the stock exchanges in the respective cities, including the Singapore Exchange, multinationals and emerging local companies.

This publication is available for free download from http://www.pwc.com/sg/iar2016
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Printed in Singapore.

PwC Pte Ltd (Incorporated in Singapore)

Illustrative Annual Report 2016

For the financial year ended 31 December 2016

Abbreviations used

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

CA	Singapore Companies Act, Chapter 50
FRS	Singapore Financial Reporting Standards
INT FRS	Interpretations of Singapore Financial Reporting Standards
SSA	Singapore Standards on Auditing

Where the illustrated disclosure is not specifically required by any of the sources listed above, the following abbreviation is used to indicate that such disclosure is made on a voluntary basis:

DV	Disclosure is voluntary

Statutory Report

Directors' Statement
Independent Auditor's Report

PwC Pte Ltd

Directors' Statement

For the financial year ended 31 December 2016

Reference

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 December 2016. CA 201(16)

In the opinion of the directors, Section 1, Twelfth Schedule

(a) the financial statements[1] as set out on pages 13 to 75 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

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

Directors

The directors of the Company in office at the date of this statement are as follows: Section 7, Twelfth Schedule

Mr Tan Cheng Eng	
Mr David Grey	
Mr Ang Boon Chew	
Mr Lee Chee Wai	(appointed on 3 May 2016)[2]
Dr Ran Jedwin Gervasio	(appointed on 27 February 2017)[2]

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Section 8, Twelfth Schedule CA 164(1)(d)

Directors' interests in shares or debentures[4]

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations[5], except as follows: Section 9, Twelfth Schedule CA 164(1)(a,b)

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016 or date of appointment, if later	**At 31.12.2016**	At 1.1.2016 or date of appointment, if later
Ultimate Holding Corporation - PwC Global Limited				
(No. of ordinary shares)				
Mr David Grey	**1,270,000**	500,000	**1,500,000**	1,000,000
Mr Ang Boon Chew	**97,000**	65,000	**-**	-
Mr Lee Chee Wai	**2,000**	1,000	**-**	-
Mr Andrew Lloyd (resigned on 5 January 2017)[3]	**200,000**	200,000	**-**	-

PwC Pte Ltd

Directors' Statement

For the financial year ended 31 December 2016

Reference

Share options[5,6]

No options were granted during the financial year to subscribe for unissued shares of the Company. Section 2, Twelfth Schedule

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment. DV

On behalf of the directors[6,7]

Tan Cheng Eng Director 20 March 2017[8,9]	**Ang Boon Chew** Director

Guidance notes

Directors' Statement

Compliance with Singapore Financial Reporting Standards ("FRS")

1. Directors are required to present statutory financial statements that comply with FRS unless: CA 201(5)

   (a) the Company has obtained the approval of the ACRA for such non-compliance with FRS requirements; or CA 201(12)

   (b) such compliance would not give a true and fair view of the financial statements. In this regard, the following disclosures are needed: CA 201(13)

      (i) a statement by the independent auditor of the Company (in the Independent Auditor's Report) that he agrees that such non-compliance is necessary for the financial statements to give a true and fair view of the matter concerned; CA 201(14)

      (ii) particulars of the departure, the reason therefor and its effect, if any; and

      (iii) such further information and explanations as will give a true and fair view of that matter.

   FRS are currently prescribed by the Accounting Standards Council with the enactment of the Accounting Standards Act on 1 November 2007.

Reference

Guidance notes

Directors' Statement (continued)

Directors in office at the date of the statement

2. The names of the directors that are holding office at the date of the Directors' Statement are required to be disclosed. There is no requirement to give details of director(s) who resigned during the financial year/period and up to the date of the Directors' Statement. If a director is appointed during the financial year/period and remains in office at the date of the Directors' Statement, the date of the appointment, although not required, is recommended to be disclosed to clearly identify the new director. — Section 7, Twelfth Schedule

Directors' interests in shares or debentures

3. A director's interests include his personal holdings, the beneficial interests of his immediate family and any deemed interest as defined under Section 7 of the Companies Act. Interests in rights or share options, are also required to be disclosed. — Section 9, Twelfth Schedule; Section 2, Twelfth Schedule

   If a director resigns after the end of the financial year/period but before the date of the Directors' Statement, his interest at the end of the financial year/period are still required to be disclosed.

   If none of the directors has any interests in shares or debentures in the Company or any related corporations, the following disclosure is suggested:

   "None of the directors of the Company holding office at the end of the financial year has any interest in the shares or debentures of the Company or any related corporations."

Related corporations

4. Related corporations include the Company's holding companies, subsidiaries and fellow subsidiaries. — CA 6

Share options

5. The disclosures required by Section 2 of the Twelfth Schedule of the Companies Act relate to share options granted by the Company. If the share options are granted by the parent of the Company or by another related corporation directly to the employees of the Company and/or its subsidiaries, the Company is not required to make those disclosures required by Section 2 of the Twelfth Schedule in the Directors' Statement. The share options shall however be accounted for in accordance with FRS 102 *Share-Based Payment* in the financial statements. — Section 2, Twelfth Schedule

6. Where such disclosures have been made in a previous statement, reference may be made to that statement. — Section 3, Twelfth Schedule

PwC Pte Ltd

Directors' Statement

For the financial year ended 31 December 2016

Reference

Guidance notes

Directors' Statement (continued)

Signing of statement

7. This phrase is not necessary if the Company has only two directors.

Date of Directors' Statement

8. The Directors' Statement shall be made out and sent to all persons entitled to receive notice of general meetings of the Company not less than 14 days before the date of the Annual General Meeting ("AGM"). The statement shall specify the day on which it was made out and be signed by two directors of the Company. CA 203(1) CA 201(16)

Date of AGM

9. AGMs for non-listed companies shall be held within six months from the financial year-end of the Company. CA 201(1)(b) CA 201(5)(a)(ii)

PwC Pte Ltd

Independent Auditor's Report to The Members of PwC Pte Ltd

For the financial year ended 31 December 2016

Reference

CA 201(4)
CA 207

Report on the Audit of the Financial Statements

Our opinion

SSA 700(10-19)

In our opinion, the accompanying financial statements of PwC Pte Ltd (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

SSA 700(28)

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") 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.

Other Information

SSA 700(32)

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 5 to 6 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 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 to The Members of PwC Pte Ltd

For the financial year ended 31 December 2016

Reference

SSA 700(33-36)

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 and FRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

SSA 700(37-40)

Auditor's Responsibilities for the Audit of the Financial Statements

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:

- 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 Company to cease to continue as a going concern.

Independent Auditor's Report to The Members of PwC Pte Ltd

For the financial year ended 31 December 2016

- 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.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 20 March 2017

PwC Pte Ltd

Independent Auditor's Report to The Members of PwC Pte Ltd

For the financial year ended 31 December 2016

Reference

Guidance notes

Independent Auditor's Report

Compliance with Singapore Financial Reporting Standards ("FRS")

1. Please refer to guidance note 1 under Directors' Statement.

Date of Independent Auditor's Report

2. The directors are required to take reasonable steps to ensure that the accounts are audited not less than 14 days before the AGM of the Company. In general, the Independent Auditor's Report will be dated on the same date as the Directors' Statement. The auditor shall date the Independent Auditor's Report no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion on the financial statements. Sufficient audit evidence includes evidence that the entity's complete set of financial statements has been prepared and that those with the recognised authority have asserted that they have taken responsibility for them. CA 201(4A) SSA 700(41)

Primary Statements

Reference

Statement of Comprehensive Income[1]

For the financial year ended 31 December 2016

	Notes	2016[2] $'000	2015[2] $'000	Reference
Sale of goods[3]		**54,312**	42,855	FRS 1(82)(a)
Cost of sales	6	**(30,985)**	(22,617)	FRS 1(103)
Gross profit		**23,327**	20,238	FRS 1(103)
Other income[3]	4	**268**	207	FRS 1(103)
Other gains/(losses)	5	**462**	(267)	
Expenses				
- Distribution and marketing	6	**(8,539)**	(6,965)	FRS 1(103)
- Administrative	6	**(7,367)**	(7,018)	FRS 1(103)
- Finance	8	**(437)**	(582)	FRS 1(82)(b)
Profit before income tax		**7,714**	5,613	
Income tax expense	9	**(2,260)**	(1,920)	FRS 1(82)(d)
Profit after tax		**5,454**	3,693	
Other comprehensive income[4]:				
Items that may be reclassified subsequently to profit or loss:				FRS 1(82A)(b)
Available-for-sale financial assets				
- Fair value gains		**407**	56	FRS 107(20)(a)(ii)
- Reclassification[5]		**(51)**	-	FRS 107(20)(a)(ii)
Other comprehensive income, net of tax		**356**	56	
Total comprehensive income		**5,810**	**3,749**	

Statement of Comprehensive Income

For the financial year ended 31 December 2016

Reference

Guidance notes

Statement of Comprehensive Income

Alternative format

1. An entity shall present an analysis of expenses using a classification based on either the function or the nature of the expenses, whichever provides information that is reliable and more relevant. FRS 1(99)

   If the expenses are presented by function, additional disclosures on the nature of expenses are required (as illustrated in Note 6 of the financial statements). FRS 1(104)

   Within a functional statement of comprehensive income (statement of profit or loss), costs directly associated with generating revenues should be included in cost of sales. Cost of sales should include direct material and labour costs but also indirect costs that can be directly attributed to generating revenue; for example, depreciation of assets used in the production. Impairment charges should be classified according to how the depreciation or amortisation of the particular asset is classified.

   Entities should not mix functional and natural classifications of expenses by excluding certain expenses such as inventory write-downs, employee termination benefits and impairment charges from the functional classifications to which they relate.

   In addition, an entity has the choice of presenting the statement of comprehensive income using a one statement or a two-statement approach. These alternative presentations have been illustrated in Appendix 1 Example 4. FRS 1(IN13b)

Financial years/periods of different length

2. Where the current reporting period and the comparative reporting period are of unequal timeframe, an entity shall disclose the period covered, the reason for using that period and the fact that comparative amounts for the statement of comprehensive income, changes in equity, cash flows and related disclosure notes are not entirely comparable. FRS 1(36)

Revenue and other income

3. Where applicable, the amount of revenue and other income recognised for each of the following categories should be disclosed separately, either on the face of the statement of comprehensive income or in the notes to the financial statements: FRS 18(35)(b)
   (i) sale of goods;
   (ii) rendering of services;
   (iii) interest;
   (iv) royalty;
   (v) dividends; and
   (vi) rental income from investment properties FRS 40(75)(f)(i)

Statement of Comprehensive Income

For the financial year ended 31 December 2016

Guidance notes

Statement of Comprehensive Income (continued)

Tax effects – Other comprehensive income

4. This publication illustrates the presentation of the items individually net of tax and disclosure of the gross amounts and their tax effects in Note 22 of the financial statements. Alternatively, an entity can present these items individually gross of tax and their total tax effects as a separate line item. FRS 1(91)

Reclassification adjustments

5. Reclassification adjustments are adjustments for amounts previously recognised in other comprehensive income now reclassified to profit or loss. FRS 1(93) FRS 1(95)

   Examples of reclassification adjustments are described in paragraphs 93 and 95 of FRS 1.

Additional disclosures

6. Additional line items, headings and subtotals shall be presented on the face of the statement of comprehensive income only when such presentation is necessary for an understanding of the entity's financial performance, the presentation is free of bias and undue prominence, the presentation is applied consistently and the methods are described in detail in the accounting policies. FRS 1(85)

Amendment to FRS 1 on disclosure initiative

7. These amendments to FRS 1 require entity not to aggregate or disaggregate information in a manner that obscures useful information. Additional subtotals are acceptable if they are made up of items recognised and measured under FRS, presented and labelled in a manner understandable and consistent from period to period. An entity is also permitted to disaggregate specific line items required by FRS 1. Management has to consider the understandability and comparability of financial statements when determining the order of notes.

PwC Pte Ltd

Balance Sheet[1]

As at 31 December 2016

Reference

	Notes	31 December 2016 $'000	2015 $'000	Reference
				FRS 1(54, 77)
ASSETS				
Current assets				FRS 1(60), (66)
Cash and bank deposits	10	**5,502**	3,081	FRS 1(54)(i)
Trade and other receivables	11	**5,456**	4,895	FRS 1(54)(h)
Inventories	12	**3,953**	2,979	FRS 1(54)(g)
Derivative financial instruments	13	**170**	80	FRS 1(54)(d)
Other current assets	14	**807**	453	
		15,888	11,488	
Non-current assets				FRS 1(60), (66)
Loan to immediate holding corporation	15	**2,000**	1,000	FRS 1(54)(h)
Available-for-sale financial assets	16	**956**	616	FRS 1(54)(d)
Property, plant and equipment	17	**13,160**	8,708	FRS 1(54)(a)
		16,116	10,324	
Total assets		**32,004**	21,812	
LIABILITIES				
Current liabilities				FRS 1(60), (68)
Trade and other payables	18	**3,150**	2,689	FRS 1(54)(k)
Current income tax liabilities	9	**1,638**	728	FRS 1(54)(n)
Borrowings	19	**4,890**	4,005	FRS 1(54)(m)
		9,678	7,422	
Non-current liabilities				FRS 1(60), (69)
Borrowings	19	**5,511**	2,006	FRS 1(54)(m)
Deferred income tax liabilities	20	**493**	1,322	FRS 1(54)(o)
		6,004	3,328	
Total liabilities		**15,682**	10,750	
NET ASSETS		**16,322**	11,062	
EQUITY				
Share capital	21	**6,200**	6,200	FRS 1(78)(e)
Fair value reserve	22	**577**	221	FRS 1(78)(e)
Retained profits		**9,545**	4,641	FRS 1(78)(e)
Total equity		**16,322**	11,062	

Balance Sheet[1]

As at 31 December 2016

Reference

Guidance notes

Statement of Financial Position/Balance Sheet

FRS 1(38)
FRS 1(40A)

Comparatives

1. An entity shall present a third statement of financial position as at the beginning of the preceding period 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 statement of financial position at the beginning of the preceding period.

   For further information, please refer to paragraphs 40B to 40D of FRS 1. Please refer to "PwC Holdings Ltd" Appendix 1 Example 2 for illustrative disclosure.

Statement of Changes in Equity[1,2]

For the financial year ended 31 December 2016

	Notes	Share capital $'000	Fair value reserve $'000	Retained profits $'000	Total equity $'000	Reference
2016						
Beginning of financial year		6,200	221	4,641	11,062	
Profit of the year		-	-	5,454	5,454	
Other comprehensive income for the year		-	356	-	356	
Total comprehensive income		**-**	**356**	**5,454**	**5,810**	FRS 1(106)(A)
Dividends paid	23	-	-	(550)	(550)	FRS 1(107)
Total transactions with owners, recognised directly in equity		**-**	**-**	**(550)**	**(550)**	
End of financial year		**6,200**	**577**	**9,545**	**16,322**	
2015						
Beginning of financial year		6,200	165	1,449	7,814	
Profit for the year		-	-	3,693	3,693	FRS 1(106)(A)
Other comprehensive income for the year		-	56	-	56	
Total comprehensive income		**-**	**56**	**3,693**	**3,749**	FRS 1(107)
Dividends paid	23	-	-	(501)	(501)	
Total transactions with owners, recognised directly in equity		**-**	**-**	**(501)**	**(501)**	
End of financial year		**6,200**	**221**	**4,641**	**11,062**	

Guidance notes

Statement of changes in equity ("SoCE")

Presentation of each component of equity in the SoCE

1. FRS 1 requires an entity to show in the SoCE, for each component of equity, reconciliation between the carrying amount at the beginning and end of the period. FRS 1(106)(d)

2. Components of equity include, for example, each class of contributed equity, the accumulated balance of each class of other comprehensive income and retained profits. FRS 1(108)

Reference

Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 $'000	2015 $'000	Reference
Cash flows from operating activities				FRS 7(10,18(b))
Profit after tax		**5,454**	3,693	FRS 7(20)(b-c)
Adjustments for:				
- Income tax expense		**2,260**	1,920	
- Depreciation		**1,260**	1,315	
- Net gain on disposal of property, plant and equipment		**(17)**	(8)	
- Net gain on disposal of available-for-sale financial assets		**(65)**	-	
- Interest income [1]		**(180)**	(127)	FRS 7(31-34)
- Dividend income [1]		**(88)**	(80)	FRS 7(31-34)
- Interest expense [1]		**592**	682	FRS 7(31-34)
		9,216	7,395	
Change in working capital:				FRS 7(20)(a)
- Inventories		**(974)**	91	
- Trade and other receivables		**(561)**	(855)	
- Other current assets		**(354)**	(74)	
- Trade and other payables		**461**	(221)	
- Derivative financial instruments		**(90)**	(80)	
Cash generated from operations		**7,698**	6,256	
Interest paid [1]		**(142)**	(130)	FRS 7(31)
Income tax paid		**(2,252)**	(2,669)	FRS 7(35)
Net cash provided by operating activities		**5,304**	3,457	
Cash flows from investing activities				FRS 7(21)
Additions to property, plant and equipment [2]		**(7,170)**	(2,325)	FRS 7(16(a),43)
Disposal of property, plant and equipment		**1,475**	673	FRS 7(16)(b)
Disposal of available-for-sale financial assets		**154**	-	FRS 7(16)(d)
Loan to immediate holding corporation		**(1,000)**	-	FRS 7(16)(c)
Dividends received [1]		**88**	80	FRS 7(31)
Interest received [1]		**180**	127	FRS 7(31)
Net cash used in investing activities		**(6,273)**	(1,445)	
Cash flows from financing activities				FRS 7(21)
Proceeds from borrowings		**6,470**	692	FRS 7(17)(c)
Repayments of borrowings		**(2,230)**	(1,900)	FRS 7(17)(d)
Interest paid [1]		**(440)**	(413)	FRS 7(31)
Dividends paid		**(550)**	(501)	FRS 7(31)
Net cash provided by/(used in) financing activities		**3,250**	(2,122)	
Net increase/(decrease) in cash and cash equivalents		**2,281**	(110)	FRS 7(45)
Cash and cash equivalents				
Beginning of financial year	10	**831**	961	FRS 7(45)
Effects of currency translation on cash and cash equivalents		**40**	(20)	FRS 7(28)
End of financial year	10	**3,152**	831	FRS 7(45)

Statement of Cash Flows

For the financial year ended 31 December 2016

Guidance notes

Statement of Cash Flows

Dividends and interests

1. Cash flows from interest received and paid and dividends received shall each be disclosed separately, and classified consistently from period to period. FRS 7(31-34)

   The interest amounts to be adjusted against profit after tax are the amounts charged or credited to the profit or loss. The amounts to be shown under financing or investing cash flows shall be strictly cash paid or received during the period. Differences will be reflected in the operating assets and liabilities or as additions to qualifying assets if interest has been capitalised in the cost of these assets.

Non-cash transactions

2. Investing and financing transactions that do not require the use of cash and cash equivalents shall be excluded from the statement of cash flows. FRS 7(43)

Classification of borrowing costs capitalised into cost of qualifying assets

3. The classification of payments of interest that are capitalised shall be classified in a manner consistent with the classification of the underlying asset to which those payments were capitalised. For example, payments of interest that are capitalised as part of cost of property, plant and equipment should be classified as part of an entity's investing activities; payments of interest that are capitalised as part of the cost if inventories should be classified as part of an entity's operating activities. FRS 16(74)(b)

Significant Accounting Policies & Notes to the Financial Statements

Notes to the Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information[1,2]

The Company is incorporated and domiciled in Singapore. The address of its registered office is 350 Harbour Street, PwC Centre, #30-00, Singapore 049929. FRS 1(138)(a)

The principal activity of the Company is the trading of component parts used in the electrical and electronics industry. FRS 1(138)(b)

Guidance notes

General information

Change of company name

1. If the Company changes its name during the financial year and up to the date of the financial statements, the change shall be disclosed. A suggested disclosure is as follows: FRS 1(51)(a)

   "With effect from [effective date of change], the name of the Company was changed from [XYZ Pte Ltd] to [ZYX Pte Ltd]."

   Further, all references to the company's name in the directors' statement, auditors' report and financial statements should be based on the new name, followed by the words "*Formerly known as [old name].*"

Reference

2. Significant accounting policies[1,2,3]

FRS 1(112)(a)

Guidance notes

Significant accounting policies

Disclosure of accounting policies

1. In deciding whether a particular accounting policy shall be disclosed, management considers whether disclosure will assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. **Accounting policies shall be disclosed for all material components. The accounting policies illustrated in this publication <u>must be tailored</u> if they are adopted by other reporting entities to suit the particular circumstances and needs of readers of those financial statements.** FRS 1(119)

2. **Disclosure of accounting policies is particularly useful to users when those policies are selected from alternatives allowed in FRSs.** An example is the measurement bases used for classes of property, plant and equipment (FRS 16). FRS 1(119)

3. An accounting policy may also be significant because of the nature of the entity's operations, even if amounts shown for current and prior periods are not material. **Omission or misstatement of items are <u>material if they can, individually or collectively, influence the economic decisions that users</u> made on the basis of the financial statements**. Materiality depends on the size and nature of the omission or misstatement, taking into consideration the surrounding circumstances. The size or nature of the item, or a combination of both, can be the determining factor. FRS 1(121) FRS 1(7)

Accounting Policies

Reference

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS")[1] under the historical cost convention, except as disclosed in the accounting policies below. FRS 1 (16) FRS 1(117)(a)

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3. DV

Interpretations and amendments to published standards effective in 2016[5]

On 1 January 2016, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. FRS 8(28)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

Accounting Policies

Guidance notes

Basis of preparation

Compliance with FRS

1. Please refer to guidance note 1 under Directors' Statement.

Going concern assumption

2. When preparing financial statements, management shall make an assessment of the entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. This is so even if decision made by management arose after the balance sheet date. FRS 1(25) FRS 10(14)

3. When management is aware of material uncertainties related to events or conditions which may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed, even if management eventually concludes that it is appropriate to prepare the financial statements on a going concern basis. One disclosure example is "*These financial statements are prepared on a going concern basis because the holding corporation has undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due*". FRS 1(25), (26)

Reference

Accounting Policies

Guidance notes

Basis of preparation (continued)

4. When the financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not considered a going concern. One disclosure example is *"These financial statements are prepared on a realisation basis because management intends to liquidate the Company within 12 months from the balance sheet date".* FRS 1(25), (26)

New or amended Standards and Interpretations effective for 2016 calendar year-ends

5. The following are **the new or amended Standards and Interpretations** that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods: FRS 8(28)

Effective for annual periods beginning on or after 1 January 2016:

1 January 2016 — FRS 114 Regulatory Deferral

Amendments to:
- FRS 27 *Separate financial statements* (Equity method in separate financial statements)
- FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets* (Clarification of acceptable) methods of depreciation and amortisation)
- FRS 16 *Property plant and equipment* and FRS 41 *Agriculture* (Agriculture: Bearer plants)
- FRS 111 *Joint arrangements* (Accounting for acquisitions of interests in joint operations)
- FRS 1 *Presentation of financial statements* (Disclosure initiative)
- FRS 110 *Consolidated financial statements,* FRS 112 *Disclosure of interests in other entities* and FRS 28 *Investments in associates and joint ventures* (Investment entities: Applying the consolidation exception) (Editorial corrections in June 2015)

Annual improvements 2014
- FRS 105 *Non-current assets held for sale and discontinued operations* (Methods of disposal
- FRS 107 *Financial instruments: Disclosures* (Servicing contracts and interim financial statements)
- FRS 19 *Employee benefits* (Determining the discount rates for post-employment benefit obligations)

Guidance notes

New or amended Standards and Interpretations after 1 January 2016

6. The following are the new or amended Standards and Interpretations (issued by ASC up to 30 September 2016) that are not yet applicable, but may be early adopted for the current financial year.

Annual periods commencing on	Description
1 January 2017	Amendments to: - *FRS 7 Statement of cash flows* (Disclosure initiative) - *FRS 12 Income taxes* (Recognition of deferred tax assets for unrealised losses)
1 January 2018	FRS 109 *Financial instruments* FRS 115 *Revenue from contracts with customers*
1 January 2019	FRS 116 *Leases*
To be determined	FRS 110 *Consolidated financial statements* and FRS 28 *Investments in associates and joint ventures* (Sale or contribution of assets between an investor and its associate or joint venture)

Refer to Practical Guide on Singapore Financial Reporting Standards for 2016 for details of the above amendments/new accounting standards.

For early adoption of amendments to FRS 7 *Statement of cash flows - Disclosure initiative*, Please refer to “PwC Holdings Ltd” for an illustrative disclosure example.

Restatement of comparative information

7. When the presentation or classification of items in the financial statements is amended, comparative amounts should be reclassified, unless it is impracticable to do so, to ensure comparability with the current period, and the nature, amount of, and reason for, any reclassification should be disclosed. Suggested disclosures are as follows:

“Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. For the financial year ended [31 December 2016], [account item] has been reclassified from [account line 1] to [account line 2] in the statement of comprehensive income [or balance sheet]. This has resulted in a comparative figure of $[ ] being reclassified from [account line 1] to [account line 2]. The reclassification has been made to better reflect the nature of the [account line].”

When it is impracticable to reclassify comparative amounts, an entity should disclose the reason for not reclassifying and the nature of the changes that would have been made if amounts were reclassified.

Please refer to guidance note 1 under “Statement of Financial Position/ Balance Sheet”.

Reference

2.2 Revenue recognition[1]

FRS 18(35)(a)

Sales comprise the fair value of the consideration received or receivable for the sale of component parts in the ordinary course of the Company's activities. Sales are presented, net of goods and services tax, rebates and discounts. FRS 18(9)

Revenue from sales of component parts is recognised when the Company has delivered the products to the customers, the customers have accepted the products and the collectability of the related receivables is reasonably assured. FRS 18(14)(a-b)

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method. FRS 18(30)(a)

Dividend income is recognised when the right to receive payment is established. FRS 18(30)(c)

Guidance notes

Revenue recognition

Tailoring of revenue recognition policy

1. Revenue recognition policy for each principal activity is required to be disclosed and the disclosure **should be tailored** to the entity's specific revenue streams and terms of business so as to provide the readers with information for a proper understanding of the policies. For example, depending on the circumstances, recognition may occur when goods are despatched to the customers rather than when delivered.

2.3 Employee compensation[1]

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset. FRS 19(11)(b)

(a) *Defined contribution plans*[2]

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. FRS 19(8)

(b) *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 balance sheet date. FRS 19(16)

Guidance notes

Employee compensation

Share-based compensation

1. Please refer to Appendix 1 Example 2 for an illustrative disclosure example on equity-settled share-based payment accounted for in the subsidiary's books where the parent grants rights to its equity instruments to the employees of its subsidiary.

Defined contribution plans

2. The contributions made to the Singapore Central Provident Fund is an example of defined contribution plan.

Reference

2.4 Operating lease payments[1,3]

FRS 17(33)

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

INT FRS 15(5)

Contingent rents[2] are recognised as an expense in profit or loss when incurred.

Guidance notes

Leases

Initial direct costs – lessees

FRS 17(4)

1. Initial direct costs are the incremental costs directly attributable to negotiating and arranging a lease excluding such costs incurred by manufacturers or dealer lessors. Where initial direct costs are also incurred by the reporting entity as a lessee, the following disclosure is suggested:

   Lessee – Operating leases
   FRS 17 is silent on the accounting of initial direct costs by lessees in operating leases. Either of the following accounting policies can be adopted:

   (i) *"Initial direct costs incurred by the Company in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight line basis."; or*

   (ii) *"Initial direct costs incurred by the Company in negotiating and arranging operating leases are recognised in profit or loss when incurred."*

Contingent rents

FRS 17(31)(c,e)
FRS 17(35)(c,d)
FRS 17(47)(e)
FRS 17(56)(b)

2. Contingent rents recognised as an expense or income, if material, shall be disclosed for each class of lease (i.e. operating and financing), irrespective of whether the reporting entity is a lessee or lessor. The basis upon which the contingent rent payable was determined is required to be disclosed when the reporting entity is a lessee.

Penalties for early termination

3. Where such penalties are material, the following disclosure is suggested:

   "When a lease is terminated before the lease period expires, any payment made (or received) by the Company as penalty is recognised as an expense (or income) when termination takes place."

Reference

2.5 Borrowing costs[1]

FRS 23(8)
FRS 39(47)

Borrowing costs are recognised in profit or loss using the effective interest method.

Guidance notes

Borrowing costs

Capitalisation of borrowing costs

1. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are required to be capitalised into the cost of the qualifying assets. FRS 23(8)

   Where the reporting entity is involved in the acquisition, construction or production of a qualifying asset, the following disclosure can be considered: FRS 23(10,11)

   "Borrowing costs are recognised in profit or loss, using the effective interest method except for those costs that are directly attributable to the acquisition, construction or production of [qualifying assets]. This includes those costs on borrowings acquired specifically for the construction or development of [qualifying assets] as well as those in relation to general borrowings used to finance the construction or development of [qualifying assets]. FRS 23(12,14)

2. Where funds are borrowed generally and used for financing an asset's construction or development, the borrowing costs are eligible for capitalisation and can be determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate should be the weighted average of the borrowing rates applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of acquiring a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during the period. FRS 23(14)

Reference

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. FRS 12(46)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.[1,2] FRS 12(15)

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. FRS 12(47)

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity. FRS 12(58,61A)

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised. FRS 12(34)

Guidance notes

Income tax

Recognition of deferred income tax asset

1. Where an entity is in a net deferred income tax asset position, the following additional disclosures should be included:

   "*A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.*" FRS 12(24,34,44)

Expected manner of recovery or settlement

2. Where an entity's expected manner of recovery or settlement of deferred income tax is mixed, the following paragraph should be included after the second paragraph in Note 2.6:

   "Deferred income tax is measured based on the tax consequence that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities." FRS 12(51)

Accounting Policies

Reference

2.7 Inventories

Inventories are carried at the lower of cost[1] and net realisable value. Cost[2] is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

FRS 2(9)
FRS 2(25,36(a))
FRS 2(6)

Guidance notes

Inventories

Components of cost

1. Costs include all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and conditions. FRS 2(10,11)

2. Cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. FRS 2(11)

3. Where cost includes effects of hedging, the following additional disclosure is suggested:

   "Cost includes any gains or losses on qualifying cash flow hedges that are transferred from the hedging reserve." FRS 39(98(b),99)

2.8 Property, plant and equipment

Property, plant and equipment are recognised at cost[1,2,3] less accumulated depreciation and accumulated impairment losses. FRS 16(15,30)

Subsequent expenditure[4] relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred. FRS 16(7), (12)

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives[4] as follows: FRS 16(73)(b) FRS 16(73)(c)

	Useful lives
Leasehold land	80 to 99 years
Leasehold buildings	25 to 40 years
Leasehold improvements	3 to 7 years
Office equipment	3 to 5 years
Motor vehicles	4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise. FRS 16(51,61)

Reference

Guidance notes

Property, plant and equipment ("PPE")

Components of cost

1. The cost of an item of PPE initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. FRS 16(16)(a,b)

   The projected cost of dismantlement, removal or restoration is recognised as part of the cost of PPE if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular period for purposes other than to produce inventories during that period. Cost may also include borrowing costs and any other fair value gains or losses on qualifying cash flow hedges of PPE that are transferred from the hedging reserve. FRS 16(16)(c) FRS 39(98)(b)

   Where such costs are capitalised, the following additional disclosure is suggested:

   "The cost of an item of property, plant and equipment initially recognised includes its purchase price, projected costs of dismantlement, removal or restoration, gains or losses on qualifying cash flow hedges and any other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management".

Computer software license and development costs

2. Computer software license and development costs shall be accounted for as intangible assets under FRS 38 when they are not an integral part to the related hardware. Computer software that is an integral part to the related hardware shall be accounted for as a component of the part of the related hardware using FRS 16. FRS 38(4)

Spare parts and servicing equipment

3. Minor spare parts and servicing equipment are typically carried as inventory and recognised in profit or loss as consumed. Major spare parts and stand-by equipment are carried as PPE when an entity expects to use them during more than one period or when they can be used only in connection with an item of PPE. FRS 16(8)

Component approach to depreciation

4. Parts of some items of PPE may require replacements or major overhauls at regular intervals. An entity allocates the amount initially recognised in respect of an item of PPE to its **significant parts** and depreciates **separately each significant part** if those parts have different useful lives. The entity capitalises the cost of the replacements when (i) it is probable that future economic benefits associated with the item will flow to the entity; and (ii) the cost of the item can be reliably measured. The carrying amount of the replaced parts is derecognised. FRS 16(13-14, 43,7)

   If the amount is material, a suggested disclosure is as follows:

   "*The [specific class of plant and equipment] are subject to overhauls at regular intervals. The inherent components of the initial overhaul are determined based on the estimated costs of the next overhaul and are separately depreciated over a period of [years] in order to reflect the estimated intervals between two overhauls. The costs of the overhauls subsequently incurred are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.*"

Reference

2.9 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.[1] FRS 36(9)

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. FRS 36(22)

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.[2] FRS 36(59)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss. FRS 36(60)

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. FRS 36(114) FRS 36(117)

A reversal of impairment loss for an asset is recognised in profit or loss. FRS 36(119)

Guidance notes

Impairment of non-financial assets

1. Where an entity has non-financial assets other than property, plant and equipment (Example: intangible assets, investment in subsidiaries, associated companies and joint ventures), the accounting policy needs to be tailored accordingly:

   "Property, plant and equipment, [intangible assets and investments in subsidiaries, associated companies and joint ventures] are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired."

   Please refer to Appendix Example 1 for other disclosures required for investments in subsidiaries, associated companies and joint ventures.

Reference

2.10 Loans and receivables

FRS 107(21)

Bank balances
Trade and other receivables
Loan to immediate holding corporation

Bank balances, trade and other receivables and loan to immediate holding corporation are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

FRS 39(58)
FRS 39(59)
FRS 39(60)
FRS 107(21,B5f)

The carrying amount of these assets is reduced through the use of an impairment allowance account[4] which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.[4]

FRS 39(63)

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

FRS 1(66)

2.11 Available-for-sale financial assets

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in fair values are recognised in other comprehensive income and accumulated in the fair value reserve within equity.[1,2]

FRS 39(43,46)

These financial assets are recognised on the date which the Company commits to purchase the asset.[3] They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

FRS 107(21)
FRS 107AppB5(c)
FRS 39(38)
FRS 1(66)

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the security is impaired.[5]

FRS 39(58)
FRS 39(61)
FRS 107AppB5(f)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

FRS 39(67)
FRS 39(69)

On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

FRS 39(17,20)
FRS 39(38)
FRS 39(26)

Reference

Guidance notes

Available-for-sale financial assets

Currency translation differences

1. Where the entity has available-for-sale debt securities, changes in their fair values denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes. The currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in fair value reserve within equity. FRS 39 AG83

   Where the entity has equity securities, changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences. FRS 39(55)(b) FRS 107AppB5(e)

Interest and dividend income

2. For available-for-sale financial assets, the related interest and dividend income shall be accounted for in accordance with FRS 18 and be recognised separately from the net gains or losses on fair value changes. FRS 39(9)

Regular way purchase or sale

3. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned. A regular way purchase or sale gives rise to a fixed price commitment between trade date and settlement date that meets the definition of a derivative, but it is not recognised as such. Rather, FRS 39 allows these transactions to be recognised and derecognised using either trade date accounting or settlement date accounting. If such transactions are not material, this disclosure can be omitted. FRS 39(38)

Impairment

4. FRS 39 allows an impairment loss on financial assets carried at amortised cost to be recognised through the use of an allowance account or by reducing the carrying amount of the financial asset directly. This publication illustrates the former. FRS 39(63)

5. Impairment losses on equity securities classified as available-for-sale are not reversed through profit or loss. If the impairment is recognised and the fair value of the equity securities subsequently increases, the increase in value should be recognised in equity (and not as a reversal of the impairment loss through the profit and loss). FRS 39(69) FRS 39(70)

   Where the entity has debt securities classified as available-for-sale, the following disclosure should be made:

   "Impairment losses on debt securities classified as available-for-sale are reversed through profit or loss."

Reference

2.12 Derivative financial instruments[1]

FRS 107(21)

FRS 39(43,47,55)

A derivative financial instruments for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

Guidance notes

Derivative financial instruments

Hedge accounting

1. An entity can choose to adopt hedge accounting if it satisfies the requirements for hedge accounting. Please refer to "PwC Holdings Ltd" for an illustrative disclosure example.

2.13 Trade and other payables[1]

FRS 39(43,47)

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

FRS 39(43,47)

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Guidance notes

Provisions for other liabilities and charges

FRS 37(14)

1. Where the entity has provisions for other liabilities and charges, the following disclosure may be considered:

   "Provisions for other liabilities and charges
   Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated."

2.14 Borrowings

FRS 1(69)

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

FRS 107(21)
FRS 39(43)
FRS 39(47)

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.[3,4,5,6]

Accounting Policies

Reference

Guidance notes

Borrowings

Current/ Non-current classification of borrowings

1. When an entity breaches an undertaking under a long-term loan agreement on or before the balance sheet date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the balance sheet date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the balance sheet date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date. FRS 1(74)

2. Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the balance sheet date under an existing loan facility with the same lender, on the same or similar terms, the liability is classified as non-current. FRS 1(74)

Derecognition

3. Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. FRS 39 AG57 FRS 39 AG63

Facility fees

4. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. FRS 32(42)

2.16 Financial guarantees[1,2]

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet. FRS 39(43)

Financial guarantees are subsequently amortised to profit or loss over the period of the guarantee, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet. FRS 39(47)(c)

Reference

Guidance notes

Financial guarantees

Definition of financial guarantee

1. A financial guarantee 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 payment when due in accordance with the original or modified terms of a debt instrument. Where the financial guarantee is given with respect to a banking facility, that facility must be drawn down before the definition of financial guarantee is met as a debt (or debtor) only comes into existence upon draw-down. FRS 39(9)

Financial guarantees versus insurance contracts

2. Financial guarantees shall be accounted for under FRS 39, unless the issuer has previously asserted explicitly that it regards certain financial guarantees as insurance contracts and has accounted for them as insurance contracts, in which case the issuer may then elect to apply either FRS 39 or FRS 104 for these contracts. The issuer shall make the election contract by contract, but once the election is made, it is irrevocable. FRS 104(4)(d) FRS 39(2)(e)

2.17 Cash and cash equivalents[1]

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents. FRS 7(45)

2.18 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment. FRS 10(12) FRS 32(35)

2.19 Currency translation[1,2,3]

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company. FRS 1(51)(d) FRS 21(8)

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. FRS 21(21) FRS 21(28) FRS 21(23)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance expenses'. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'other gains/losses'. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve. FRS 21(30)

Reference

Accounting Policies

Guidance notes

Currency translation

Change in the functional currency

1. Where there is a change in the functional currency of the reporting entity, that fact and reason for the change in the functional currency shall be disclosed. FRS 21(54)

Presentation currency different from functional currency

2. When the financial statements are presented in a currency different from the Company's functional currency, the following are required to be disclosed: FRS 21(53)
   (i) the Company's functional currency; and
   (ii) the reason for using a different currency as its presentation currency.

Non-Singapore Dollar presentation currency

3. Where a non-Singapore Dollar presentation currency is used for a Singapore-incorporated entity, it is recommended as a best practice to prominently denote this fact. DV

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. FRS 32(35)

3. Critical accounting estimates, assumptions and judgements[1,2,3]

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. FRS 1(122,125, 126, 129)

Uncertain tax positions

In determining the income tax liabilities, management has estimated the amount of expense deductible ("uncertain tax positions"). The Company has significant open tax assessments with the tax authority at the balance sheet date. As management believes that the tax positions are sustainable, the Company has not recognised any additional tax liability on these uncertain tax positions. The maximum exposure of these uncertain tax positions, not recognised in the financial statements is $300,000.

Notes to the Financial Statements

For the financial year ended 31 December 2016

Reference

Guidance notes

Critical accounting estimates, assumptions and judgements

Tailoring of disclosures

1. These disclosures must be tailored for another reporting entity as they are specific to an entity's particular circumstances.

   Examples of areas which involve critical accounting estimates, assumptions and judgements include uncertain tax positions, constructions contracts, revenue recognition, deferred income tax assets, impairment of financial and non-financial assets, and warranty provisions.

Asset/liabilities measured at fair value based on recently observable market prices

2. Disclosure of key sources of estimation uncertainty is not required for assets and liabilities that are measured at fair value based on recently observable market prices. This is because even if their fair values may change materially within the next financial year, these changes will not arise from assumptions or other sources of estimation uncertainty at the balance sheet date. FRS 1(128)

Sensitivity analysis

3. The sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation is required to be disclosed only when it is necessary to help users of financial statements understand difficult, subjective or complex judgements made by management concerning the future and other key sources of estimation uncertainty. FRS 1(126,129)

4. Other income

FRS 1(97,98)

	2016 $'000	2015 $'000	Reference
Interest income			FRS107(20)(b)
- Bank deposits	**132**	77	FRS 18(35)(b)(iii)
- Loan to immediate holding corporation	**48**	50	FRS 24(17)
	180	127	
Dividend income	**88**	80	FRS 18(35)(b)(v)
	268	207	

5. Other gains/(losses)[1,3]

FRS 1(97,98)

	2016 $'000	2015 $'000	Reference
Net gains on disposal of available-for-sale financial assets	**65**	-	FRS 107(20)(a)(ii)
Net fair value gains on currency forwards	**90**	80	
Net currency exchange gains/(losses)[2]	**290**	(355)	FRS 21(52)(a)
Net gain on disposal of property, plant and equipment	**17**	8	FRS 1(97,98)
	462	(267)	

Notes

Reference

Guidance notes

Other gains/(losses)

Other gains/(losses) from derivative financial instruments

1. Where an entity adopts hedge accounting, please refer to “PwC Holdings Ltd” for an illustrative disclosure example.

Net currency exchange gains/(losses)

2. Currency exchange gains/(losses) arising from operating activities should form part of other gains/(losses) while those arising from financing activities should form part of finance expenses.

Offsetting of income and expenses

3. Consider the size, nature, incidence of the items aggregated and presented net in the Income Statement and if they are permitted to be offset.

   Offsetting is generally **prohibited** because it detracts from giving users a full and proper understanding of the transactions, and of other events and conditions that have occurred and assess the entity's future cash flows. In addition, gains and losses arising from groups of similar transactions are not reported on a net basis, unless they are immaterial. FRS 1 (32,33) FRS 1 (35)

6. Expenses by nature[1]

	2016 $'000	2015 $'000	Reference
Purchases of inventories[2]	**31,959**	22,526	
Depreciation of property, plant and equipment (Note 17)	**1,260**	1,315	FRS 16(73)(e)(vii)
Employee compensation (Note 7)	**9,555**	8,478	FRS 1(104)
Advertising expense[3]	**2,383**	1,612	
Rental on operating leases	**650**	600	FRS 17(35)(c)
Transportation expense[3]	**1,682**	1,298	
Reversal of inventory write-down (Note 12)[3]	**(200)**	-	FRS 2(36)(e,f)
Impairment loss on trade receivables (Note 26(b)(ii))	**105**	150	FRS 107(20)(e)
Changes in inventories[2]	**(974)**	91	
Other expenses	**471**	530	
Total cost of sales, distribution and marketing costs and administrative expenses	**46,891**	36,600	

Included in the Company's rental expense on operating leases is contingent rent amounting to $12,000 (2015: $10,000). The contingent rent was computed based on annual inflation rates published by the Singapore Department of Statistics. FRS 17(35)(c)

Reference

Guidance notes

Classification of expenses (by function versus by nature)

Expenses by nature

1. This disclosure is required only for entities that present their expenses by function on the face of the statement of comprehensive income. This publication illustrates a reconciliation of significant/material expenses to the total expenses by function (excluding finance expenses). This presentation is encouraged as it ensures that all significant/material expenses have been disclosed. As an alternative, the reporting entity can present only selected significant/material expenses in this note. FRS 1(104)

2. Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity for the period, the nature and amount of such items shall be disclosed separately. FRS 1(97)

   Please refer to paragraph 98 of FRS 1 for items that would require separate disclosure.

3. The classification of expenses may vary with the type of expense. For example, where expenses are classified by nature, wages and salaries paid to employees involved in research and developments (R&D) activities may be classified as employee benefits expense, while amounts paid to external organisations for R&D may be classified as external R&D expense. However, where expenses are classified by function, both the wages and salaries and external payments should be classified as R&D expense.

Cost of inventories sold

4. Where entity only trades in its inventories, these two line items “purchases of inventories” and “changes in inventories” can be combined and presented as one line item - “cost of inventories sold”. In this publication, cost of inventories sold agrees to the cost of goods sold as the Company’s cost of goods sold only comprises cost of inventories. This may not be the case for other entities such as manufacturing entities, for which cost of goods sold also includes allocated labour and overhead costs.

Reference

7. Employee compensation

	2016 $'000	2015 $'000	
Wages and salaries	**8,374**	7,530	
Employer's contribution to defined contribution plans[1]	**931**	728	FRS 19(53)
Other benefits[2]	**250**	220	
	9,555	8,478	

Guidance notes

Employee compensation

Defined contribution plans

1. For Singapore companies, defined contribution plans include contributions to the Central Provident Fund. A number of countries in the region (for example Korea, Taiwan, Thailand, Vietnam, Indonesia, India, Sri Lanka, Pakistan and Bangladesh) have local legislation that requires companies to contribute to defined benefit plans. Accounting for such plans is complicated and the disclosures are extensive.

Other benefits

2. Termination benefits may warrant separate disclosure if it is of such size, nature or incidence that its disclosure is relevant to explain the performance of the entity for the period. In addition, an entity should disclose information about termination benefits for key management personnel as required by FRS 24. FRS 19(171) FRS 1(97) FRS 24(17d)

   Where an entity or its related party has granted share-based payments to its employees, the share option expense needs to be disclosed separately under FRS 102. Please refer to Appendix Example 2 for an illustrative disclosure example. FRS 102(50), (51)(a)

8. Finance expenses

	2016 $'000	2015 $'000	
Interest expense			FRS 107(20)(b)
- Bank borrowings	**450**	552	
- Bank overdrafts	**142**	130	
	592	682	
Net currency translation losses[1]	**(155)**	(100)	FRS 21(52)(a)
	437	582	

Guidance notes

Finance expenses

Net currency translation gains/(losses)

1. Please refer to guidance note 2 under Note 5 "Other gains/(losses)".

Reference

9. Income taxes

(a) Income tax expense

	2016 $'000	2015 $'000	
Tax expense attributable to profit is made up of:			FRS 12(79)
- Current income tax	**3,037**	2,687	FRS 12(80)(a)
- Deferred income tax (Note 20)	**(761)**	(750)	FRS 12(80)(c)
	2,276	1,937	
Under/(over) provision in prior financial years			
- Current income tax	**125**	60	FRS 12(80)(b)
- Deferred income tax (Note 20)	**(141)**	(77)	
	2,260	1,920	

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows: FRS 12(81)(c)

	2016 $'000	2015 $'000
Profit before tax	**7,714**	5,613
Tax calculated at tax rate of 17% (2015: 17%)	**1,311**	954
Effects of:		
- statutory stepped income exemption	**(26)**	(26)
- expenses not deductible for tax purposes	**1,198**	1,078
- income not subject to tax	**(157)**	(39)
- tax incentives[1]	**(50)**	(30)
- over provision of tax	**(16)**	(17)
Tax charge	**2,260**	1,920

(b) Movement in current income tax liabilities DV

	2016 $'000	2015 $'000
Beginning of financial year	**728**	650
Income tax paid	**(2,252)**	(2,669)
Tax expense	**3,037**	2,687
Under provision in preceding financial years	**125**	60
End of financial year	**1,638**	728

(c) The tax charge relating to each component of other comprehensive income is as follows[2]: FRS 12(81a)

	2016			2015			
	Before tax $'000	**Tax Charge $'000**	**After tax $'000**	Before tax $'000	Tax Charge $'000	After tax $'000	FRS 12(81a)
Fair value gains and reclassification adjustments on available-for-sale financial assets	**429**	**(73)**	**356**	70	(14)	56	FRS 1(90)

Notes

Guidance notes

Income taxes

Tax incentives

1. Different type of tax incentives are accounted for differently. Not all tax incentives are accounted for under FRS 12.

   If FRS 20 is applied, the benefit is recognised when there is reasonable assurance that an entity will comply with the conditions of the scheme and amount will be received (i.e. typically when the expenses are incurred). If the qualifying expenditures are treated as expenses, the tax benefit is recognised in the profit or loss as other income or offset against expenses over the periods necessary to match them with the related costs. If the qualifying expenditures are capitalised, the tax benefit is recognised in the profit or loss over the useful life of the related asset.

   If FRS 12 is applied, the tax benefits are presented in profit or loss as a deduction from current tax expense to the extent that the entity is entitled to claim the credit in the current reporting period. The unused amount is recognised as a deferred tax asset and tax credit if it meets the recognition criteria.

Tax charges related to each component of other comprehensive income

2. This table has been disclosed for illustrative purposes. The information in this table may also be presented as part of the reconciliation of opening and closing reserves in Note 22.

10. Cash and bank deposits[1,2,3]

	2016	2015
	$'000	$'000
Cash at bank and on hand	**250**	200
Short-term bank deposits	**5,252**	2,881
	5,502	3,081

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following: FRS 7(45)

	2016	2015	
	$'000	$'000	
Cash and bank deposits (as above)	**5,502**	3,081	
Less: Bank overdrafts (Note 19)	**(2,350)**	(2,250)	FRS 7(8)
Cash and cash equivalents per statement of cash flows	**3,152**	831	

Reference

Guidance notes

Cash and cash equivalents

Cash equivalents for the purpose of presenting statement of cash flows

1. Under FRS 7, cash equivalents are defined as "short-term, highly liquid investments that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value". An investment normally qualifies as a cash equivalent when it has a short maturity of, say, three months or less from the date of "acquisition". FRS 7(6,7)

2. The classification of the movement of cash subjected to restriction that does not meet the definition of cash and cash equivalents would depend on the nature of the item and the restriction in force. For example, where the cash deposited is placed as collateral for a performance bond for contracts in operating activities, the movement in the cash deposit would form part of operating cash flows, rather than financing cash flows. FRS 7(6)

Cash subject to restriction

3. There may be circumstances in which cash and bank balances held by an entity are not available for use by the Company. FRS 7(48,49)

   The economic substance of the restrictions would depend on the facts and circumstances of each individual case and should be assessed separately. If the funds do meet the criteria to be classified as cash and cash equivalents but the use of the funds is subject to restrictions, disclosure is required of the relevant amounts along with a commentary on their restriction. The following disclosure can be considered:

   "Included in cash and cash equivalents are bank deposits amounting to $[ ] (2015: $[ ]) which are not freely remissible for use by the Company because of currency exchange restrictions."

Reference

11. Trade and other receivables

FRS 1(77,78(b))

	2016 $'000	2015 $'000
Trade receivables – Non-related parties	**5,530**	4,930
Trade receivables – Entity in which a Director has controlling interest	**100**	90
Less: Allowance for impairment of receivables	**(255)**	(150)
Trade receivables – net	**5,375**	4,870
Other receivables from immediate holding corporation	**81**	25
	5,456	4,895

FRS 24(19)(g)
FRS 24(19)(a)

12. Inventories[1]

FRS 1(78)(c)
FRS 2(36)(b)

	2016 $'000	2015 $'000
Finished goods	**3,953**	2,979

FRS 2(37)

Inventories of $2,600,000 (2015: $2,300,000) have been pledged as security for bank overdrafts (Note 19).

FRS 2(36)(h)

During the year, the Company reversed[2] $200,000 (2015: Nil) (Note 6), being part of an inventory write-down made in 2015, as the inventories were sold above the carrying amounts in 2016. The amount reversed has been included in "cost of sales".

FRS 2(36)(f,g)

Guidance notes

Inventories

Inventories classifications

1. Disclosure is required of the total carrying amount of inventories and further sub-classifications as appropriate to the entity's operations. Common classifications of inventories are trading merchandise, production supplies, materials, work-in-progress and finished goods. The inventories of a service provider may simply be described as work-in-progress.

FRS 2(36)(b)
FRS 2(37)

Inventory write-down/Reversal of write-down

2. Where there is any write-down or reversal of write-down of inventories, the following should be disclosed:
   (a) The amount of any write-down or reversal of write-down that is recognised as expense or income in the period; and
   (b) The circumstances or events that led to the reversal of the write-down.

FRS 2(36)(e,f,g)

3. Separate disclosure of finished goods at fair value less costs to sell is required (e.g. commodity broker-traders who measure their inventories at fair value less costs to sell), where applicable. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

FRS 113(5)
FRS 2(3)(b)

Notes

Reference

13. Derivative financial instruments

FRS 107(31), (33)(a)

Derivative financial instruments comprise fair value gains of the United States Dollar/Singapore Dollar currency forwards used to manage the exposure from committed purchases of inventories in foreign currencies. The contracted notional principal amount of the derivative outstanding at balance sheet date is $1,160,000 (2015: $1,090,000).

14. Other current assets

FRS 1(78)(b)

	2016 $'000	2015 $'000
Deposits	**610**	396
Prepayments	**197**	57
	807	453

15. Loan to immediate holding corporation

FRS 24(18(b),19(d))
FRS 107(31)

The loan to immediate holding corporation is unsecured, denominated in the United States Dollar and is due in full on 31 January 2018. The contractual interest rate on the loan at balance sheet date is 2.5% (2015: 2.5%) per annum.

FRS113(62)

The fair value of the loan at balance sheet date is $2,130,000 (2015: $990,000) and is computed based on cash flows discounted at market borrowing rates of 2.1% (2015: 3.5%) per annum.

16. Available-for-sale financial assets[1]

	2016 $'000	2015 $'000	
Beginning of financial year	**616**	546	DV
Fair value gains (Note 22)	**490**	70	
Disposals	**(150)**	-	
End of financial year	**956**	616	

	2016 $'000	2015 $'000	
Available-for-sale financial assets are analysed as follows:			FRS107 (31), (34)(c)
Listed securities:			
- Equity securities – Singapore[1]	**736**	466	
- Equity securities – US[1]	**220**	150	
	956	616	

Guidance notes

Available-for-sale financial assets

1. Information such as in which countries the equity securities are listed, and the interest rates and maturity dates of the debt securities (if applicable) shall be disclosed if the information is material to enable the users to evaluate the nature and extent of risks arising from those financial assets.

FRS 107(31)

Notes

Reference

17. Property, plant and equipment[1,2]

	Leasehold land $'000	Leasehold buildings $'000	Leasehold Improve-ment $'000	Office equipment $'000	Motor vechicles $'000	Total $'000	FRS 1(78)(a)
2016							
Cost							
Beginning of financial year	7,500	4,300	2,000	520	500	14,820	FRS 16(73)(d)
Additions	3,500	1,700	1,840	130	-	7,170	FRS 16(73)(e)(i)
Disposals	(500)	(170)	(1,765)	(205)	-	(2,640)	FRS 16(73)(e)(ii)
End of financial year	10,500	5,830	2,075	445	500	19,350	FRS 16(73)(d)
Accumulated depreciation							
Beginning of financial year	2,220	1,667	1,840	335	50	6,112	FRS 16(73)(d)
Depreciation charge (Note 6)	308	417	300	110	125	1,260	FRS 16(73)(e)(vii)
Disposals	(200)	(137)	(640)	(205)	-	(1,182)	FRS 16(73)(e)(ii)
End of financial year	2,328	1,947	1,500	240	175	6,190	FRS 16(73)(d)
Net book value							
End of financial year	**8,172**	**3,883**	**575**	**205**	**325**	**13,160**	
2015							
Cost							
Beginning of financial year	7,500	3,910	1,800	320	-	13,530	FRS 16(73)(d)
Additions	-	390	200	935	800	2,325	FRS 16(73)(e)(i)
Disposals	-	-	-	(735)	(300)	(1,035)	FRS 16(73)(e)(ii)
End of financial year	7,500	4,300	2,000	520	500	14,820	FRS 16(73)(d)
Accumulated depreciation							
Beginning of financial year	2,020	1,357	1,550	240	-	5,167	FRS 16(73)(d)
Depreciation charge (Note 6)	200	310	290	215	300	1,315	FRS 16(73)(e)(vii)
Disposals	-	-	-	(120)	(250)	(370)	FRS 16(73)(e)(ii)
End of financial year	2,220	1,667	1,840	335	50	6,112	FRS 16(73)(d)
Net book value							
End of financial year	**5,280**	**2,633**	**160**	**185**	**450**	**8,708**	

At balance sheet date, leasehold land and buildings with a total carrying amount of $12,055,000 (2015: $7,913,000) are mortgaged for bank borrowings (Note 19). FRS 16(74)(a)

Notes to the Financial Statements

For the financial year ended 31 December 2016

Reference

Guidance notes

Property, plant and equipment ("PPE")

Property, plant and equipment in the course of construction

1. Where applicable, the amount of expenditure on PPE in the course of construction should be disclosed. FRS 16(74)(b)

Finance lease – lessee

2. Where an entity has finance leases as a lessee, the additions acquired via finance leases and net carrying amount at the balance sheet date should be disclosed for each class of assets acquired by finance lease. These are non cash transactions and should not be included in the investing activities. FRS 17(31)(a)

Fair value measurement

3. The adoption of FRS 113 *Fair Value Measurement* did not have a significant impact on this set of financial statements as non-financial assets were not held at fair values. FRS 113

   For companies that measure non-financial assets at fair values, or disclose such fair values, FRS 113 will require significant additional disclosures. For illustrations of such disclosures, please refer to the illustrative annual report for PwC Holdings Ltd.

18. Trade and other payables

FRS 1(77)

	2016 $'000	2015 $'000	
Trade payables to:			
- Non-related parties	**2,601**	2,389	
- Immediate holding corporation	**200**	-	FRS 24(18(b), 19,24)
	2,801	2,389	
Other accruals for operating expenses	**253**	300	
Financial guarantees (Note 24)	**96**	-	
	3,150	2,689	

The Company has issued corporate guarantees to banks for borrowings of its immediate holding corporation. These guarantees are financial guarantees as they require the Company to reimburse the banks if the immediate holding corporation fails to make principal or interest payments when due in accordance with the terms of their borrowings (Note 19). FRS 39(9)

Reference

19. Borrowings

	2016 $'000	2015 $'000	
	2016	2015	FRS 1(77)
	$'000	$'000	
Current			FRS 1(60,69)
Bank overdrafts (Note 10)	**2,350**	2,250	
Bank borrowings	**2,540**	1,755	FRS 1(69)
	4,890	4,005	
Non-current			FRS 1(60,69)
Bank borrowings	**5,511**	2,006	FRS 1(69)
Total borrowings	**10,401**	6,011	FRS 1(74)

Total borrowings include secured liabilities of $6,750,000 (2015: $4,280,000). Bank overdrafts are secured by debenture deeds which provide for first floating charges on inventories (Note 12). Bank borrowings are secured by a first mortgage over leasehold land and buildings (Note 17).

FRS 107(14)
FRS 2(36)(h)
FRS 16(74)(a)

At the balance sheet date, the fair value of non-current borrowings is $5,400,000 (2015: $1,935,000) and is computed based on cash flow discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Company at 2.4% (2015: 3.2%) per annum. The fair values are within Level 2 of the fair values hierarchy.

FRS 107(25)
FRS 113(97)

Borrowings which are subject to variable interest rates amounting to $2,350,000 (2015: $2,250,000) are contractually repriced within three months (2015: three months) from the balance sheet date.

FRS 107(31)

Reference

20. Deferred income taxes

	2016 $'000	2015 $'000	DV
Beginning of financial year	**1,322**	2,135	
Tax (credited)/charged to:			
- profit or loss (Note 9(a))	**(902)**	(827)	
- equity (Note 22)	**73**	14	FRS 12(81)(a)
End of financial year	**493**	1,322	

Net deferred income tax liabilities to be settled from the balance sheet date as follows: FRS 12(81)(a)

	2016 $'000	2015 $'000
To be settled within one year	**82**	478
To be settled after one year	**411**	844
	493	1,322

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows: FRS 12(81)(g)(i,ii)

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Fair value gains $'000	Other $'000	Total $'000
2016				
Beginning of financial year	1,419	44	47	1,510
(Credited)/charged to:				
- profit or loss	(984)	-	33	(951)
- other comprehensive income (Note 22)	-	73	-	73
End of financial year	435	117	80	632
2015				
Beginning of financial year	2,004	30	218	2,252
(Credited)/charged to:				
- profit or loss	(585)	-	(171)	(756)
- other comprehensive income (Note 22)	-	14	-	14
End of financial year	1,419	44	47	1,510

Notes

20. Deferred income taxes (continued)

Deferred income tax assets

	Allowances against assets $'000
2016	
Beginning of financial year	(188)
Charged to profit or loss	49
End of financial year	(139)
2015	
Beginning of financial year	(117)
Credited to profit or loss	(71)
End of financial year	(188)

Guidance notes

Deferred income taxes

Unrecognised tax losses and capital allowances

FRS 12(82)
FRS 12(81)(e)

1. If an entity has unrecognised tax losses and capital allowances, a suggested disclosure is as follows:

   "Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of $[ ] (2015: $[ ]) and capital allowances of $[ ] (2015: $[ ]) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date. The capital allowances will expire between [year] and [year].

Notes to the Financial Statements

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Reference

21. Share capital

The Company's share capital comprise 6,200,000 (2015: 6,200,000) fully paid-up ordinary shares with no par value, amounting to a total of $6,200,000 (2015: $6,200,000). FRS 1 (79)(a)(ii)

22. Fair value reserve

	2016 $'000	2015 $'000	Reference
Beginning of financial year	**221**	165	
Available-for-sale financial assets			
- Fair value gains (Note 16)	**490**	70	FRS 107(20)(a)(ii)
- Tax on fair value gains (Note 20)	**(83)**	(14)	FRS 12(81)(a)
	407	56	
Reclassification to profit or loss on disposal (Note 5)	**(61)**	-	
Tax on reclassification (Note 20)	**10**	-	
	(51)	-	
End of financial year	**577**	221	

Fair value reserve is non-distributable.[1] FRS 1(79)(b)

Guidance notes

Fair value reserve

Distributable reserves

1. The amount of reserves that are distributable will depend on the Articles of Association of the Company subject to any regulatory restrictions.

23. Dividends

	2016 $'000	2015 $'000	Reference
Ordinary dividends			
Final dividend paid in respect of the previous financial year of 4.5 cents (2015: 8.1 cents) per share	**279**	501	FRS 1(107)
Interim dividend paid in respect of current financial year of 4.4 cents (2015: Nil) per share	**271**	-	FRS 1(107)
	550	501	

At the Annual General Meeting on 5 April 2017, a final dividend of 9.0 cents per share amounting to a total of $558,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2017. FRS 1(137) FRS 12(81)(i) FRS 10(12,13)

Notes

Reference

24. Contingent liabilities

The Company has issued corporate guarantees to certain banks for borrowings of its fellow subsidiary with net liability position (Note 18). These bank borrowings amount to $8,120,000 (2015: Nil) and have a tenure of five years from the balance sheet date (Note 19). FRS 37(86)

25. Commitments

(a) *Capital commitments*

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2016 **$'000**	2015 $'000	
Property, plant and equipment	**800**	600	FRS 16(74)(c),

The contract is entered into with the Company's immediate holding corporation. FRS 24 (21)(i)

(b) *Operating lease commitments – where the Company is a lessee*

The Company leases land, factories and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. FRS 17(35)(d)

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows: FRS 17(35)(a)

	2016 **$'000**	2015 $'000	
Not later than one year	**650**	650	FRS 17(35)(a)(i)
Between one and five years	**3,000**	3,000	FRS 17(35)(a)(ii)
Later than five years	**1,300**	2,150	FRS 17(35)(a)(iii)
	4,950	5,800	

Reference

26. Financial risk management[1]

FRS 107(31)

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. FRS 107(33)(b)

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

Guidance notes

Financial risk management – Financial risk factors

Price risk

1. If the company is not exposed to any of the types of market risk (i.e. currency risk, interest rate risk, price risk), a reference to such a risk should be excluded.

(a) Market risk

(i) Currency risk[8]

The Company's business is exposed to the United States Dollar ("USD") as significant purchases are denominated in USD. The Company manages this risk by entering into currency forwards. FRS 107(33)(a)

The Company's policy is to enter into currency forwards of between 85% and 95% of anticipated purchases of inventories for the subsequent three months in USD. FRS 107(33)(b) FRS 107(22)(c)

Reference

26. Financial risk management[1] (continued)

FRS 107(31)

(a) Market risk (continued)

(i) Currency risk[8] (continued)

The Company's currency exposure to the USD is as follows:[2]

FRS 107(31), (34)(a), (c)

	2016	2015
	$'000	$'000
Financial assets		
Cash and bank deposits	**3,918**	2,351
Loan to immediate holding corporation	**2,000**	1,000
	5,918	3,351
Financial liabilities		
Borrowings	**(2,779)**	(1,561)
Trade and other payables	**(1,056)**	(700)
	(3,835)	(2,261)
Net financial assets	**2,083**	1,090
Add: USD purchase commitment	**1,340**	1,254
Less: Currency forwards[3]	**(1,160)**	(1,090)
Currency exposure	**2,263**	1,254

At 31 December 2016, if the USD had strengthened/weakened[4] by 5%[5] (2015: 3%) against the SGD with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been $94,000 (2015: $31,000) higher/lower as a result of currency translation gains/losses on the USD-denominated financial instruments.[6,7]

FRS 107(40), AppB23-24, IG36

Notes

Reference

Guidance notes

Financial risk management – currency risk

Qualitative disclosures on currency risk

1. The publication illustrates some disclosures that may be required for financial risk management. The matters and level of detail to be disclosed depend on the circumstances and the extent of financial risks faced by the entity. FRS 107(7)

Quantitative disclosures on currency risk – based on management information

2. A reporting entity shall disclose summary quantitative data about its exposure to currency risk at the reporting date. This disclosure shall be based on <u>the information provided internally to key management personnel.</u> FRS 107(34)(a)

Quantitative disclosures on currency risk – factors considered

3. This publication illustrates the disclosure where management has monitored the entity's currency risk exposure, taking into consideration (a) financial assets/liabilities denominated in foreign currencies and (b) firm commitments and highly probable forecast transactions in foreign currencies and (c) the effects of currency forwards held for trading.

   FRS 107 is not prescriptive in the presentation format of these quantitative disclosures. If management monitors the entity's currency risk exposure using other basis, these line items shall be replaced as appropriate.

Sensitivity analysis for currency risk

4. An entity shall provide sensitivity analysis for the whole of its business but may provide different types of sensitivity analysis for different classes of financial instruments. A sensitivity analysis shall be disclosed for each currency to which an entity has significant exposure. In this publication, the entity has significant exposure to USD. FRS 107 AppB21

Reference

Guidance notes

Financial risk management – currency risk (continued)

Sensitivity analysis - reasonably possible change

5. In determining what a reasonably possible change in the relevant risk variables is, an entity shall consider: FRS 107 AppB19

   (a) the economic environments in which it operates. This shall not include remote or ‘worst case’ scenarios or ‘stress tests’; and

   (b) the effects of changes reasonably possible over the period until the entity next presents these disclosures (usually the next annual reporting period).

Sensitivity analysis – prior year disclosures

6. In the event that the reasonably possible change in the risk variables changes, the prior year disclosures should not be restated. However, the entity can present as additional information the sensitivity information for the comparative financial year using the new percentage for the current financial year.

Sensitivity analysis – narrative text or tabular format

7. Instead of using narrative text, the entity may disclose using a tabular format:

	Increase/(Decrease)			
	2016		2015	
	Profit after tax $’000	**Other Comprehensive income $’000**	Profit after tax $’000	Other Comprehensive income $’000
USD against SGD				
- Strengthened				
- Weakened				

8. If the company is not exposed to significant foreign currency risk, the following disclosure is suggested:
   “The company’s business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.”

Reference

26. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk[1]

The Company is exposed to equity securities price risk arising from the investments classified as available-for-sale. These securities are listed in Singapore and the United States. To manage its price risk, the Company diversifies its portfolio in accordance with the limits set by the Company. FRS 107(33)(a,b)

If prices for equity securities listed in Singapore and the United States increased/decreased by 10% (2015: 6%) and 14% (2015: 6%) respectively with all other variables including tax rate being held constant, the Company's other comprehensive income would have been $ 61,000 (2015: $23,000) and $45,000 (2015: $9,000) higher/lower respectively.[1] FRS 107(40), AppB25-28

Guidance notes

Financial risk management – market risk

Price risk

1. If the company is not exposed to significant equity price risk, the following disclosure is suggested:

   "The Company has insignificant exposure to equity price risk."

(iii) Interest rate risk[2]

The Company is exposed to interest rate risk on its borrowings and bank deposits[1]. The Company's policy is to maintain at least 60% of fixed-rate borrowings.[3] FRS 107(33)(a,b)

The Company's borrowings at variable rates are denominated mainly in SGD. The bank deposits are mainly denominated in USD. At 31 December 2016, if the SGD interest rates had increased/decreased by 1% (2015: 0.5%) with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by $8,400 (2015: $14,300) as a result of higher/lower interest expense on these borrowings.[4] FRS 107(40),IG36

Reference

Guidance notes

Financial risk management – interest rate risk (continued)

Interest rate risk

1. Interest rate risk can also arise from other financial assets such as debt securities and bank balances.

2. If the company is not exposed to significant interest rate risks, the following disclosure is suggested:

   "The Company has insignificant financial assets or liabilities that are exposed to interest rate risks."

3. The current disclosure reflects the policy of PwC Pte Ltd in managing its interest rate risk. In a case that an entity does not have a policy of maintaining a certain percentage of fixed/ variable borrowing ratio, the following disclosure may be considered, if reflective of the entity's objectives of managing its interest rate risk: FRS 107(33)(a,b)

   "The Company periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels."

Sensitivity analysis – narrative text or tabular format

4. Instead of using narrative text, the entity may disclose using a tabular format. See guidance note 7 in Note 26(a)(i) "Financial risk management – currency risk" for an example.

Reference

26. Financial risk management[1] (continued)

FRS 107(33)(a,b)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company's major classes[1] of financial assets are bank deposits and trade and other receivables, and loan to immediate holding corporation.

For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors. The Company's trade receivables include three debtors (2015: three debtors) that individually represented 5 - 10% of trade receivables at balance sheet date.

FRS 107(34)(c)

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet except for the corporate borrowings of its fellow subsidary. The maximum credit risk arising from this financial guarantee amounted to $8,120,000 (2015: Nil).

FRS 107(36)(a,b)

The credit risk for trade receivables and loan to immediate holding corporation based on information provided to key management is as follows:

FRS 107(34)(a)

	2016	2015
	$'000	$'000
By geographical areas[2]		
Singapore	**3,320**	2,900
China	**1,081**	925
United States	**2,000**	1,000
Other	**1,055**	1,070
	7,456	5,895

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings[7] as determined by international credit-rating agencies. Trade receivables[6] and loan to immediate holding corporation that are neither past due nor impaired are substantially companies with good collection track records with the Company.

FRS 107(36)(c)

Notes

26. Financial risk management[1] (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired

DV

There is no other class[1] of financial assets that is past due and/or impaired except for trade receivables.

FRS 107(37)(a)

Trade receivables that are past due but not impaired amounting to $25,000 (2015: $16,000) are principally less than one month past due.[6]

FRS 107(37)(b)
FRS 107(16)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:[3]

	2016	2015
	$'000	$'000
Gross amount	**400**	350
Less: Allowance for impairment	**(255)**	(150)
	145	200
Beginning of financial year	**150**	-
Allowance made (Note 6)	**105**	150
End of financial year (Note 11)	**255**	150

FRS 107(37)(b)

The impaired trade receivables arise mainly from sales to a customer which has suffered significant losses in its operations.

Reference

Guidance notes

Financial risk management - Credit risk

Class versus category of financial instrument

1. An entity is required to make certain credit risk exposures by class of financial instrument. A ‘class’ of financial instruments is not the same as a ‘category’ of financial instruments. Categories are defined in FRS 39 as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and financial liabilities measured at amortised cost. FRS 107(36)

   Classes are expected to be determined at a lower level than the categories in FRS 39 and reconciled to the balance sheet as required by FRS 107(6). However, the level of detail for each class shall be determined on an entity-specific basis. Items are treated as one class when they share similar characteristics.

Quantitative disclosures on credit risk

2. The quantitative disclosures on credit risk exposure shall be based on information provided internally to key management personnel of the entity. This publication illustrates the disclosure where (a) management monitors the credit risk exposures by major classes of financial assets and (b) analyses the credit risk exposures on trade receivables by geographical areas. Other measures such as analysis by types of customers, industry sector, aging analysis, credit rating and Company of closely related counterparties might be used by another reporting entity. FRS 107(34)

   If the quantitative data disclosed at the end of the reporting period are unrepresentative of an entity’s exposure to risk during the period, an entity shall provide further information that is representative. FRS 107(35)

Allowance account for credit losses

3. When financial assets are impaired by credit losses and the entity records the impairment in a separate allowance account rather than directly reducing the carrying amount of the asset, it shall disclose a reconciliation of changes in that account during the period for each class of financial assets. FRS 107(16)

Collateral and other credit enhancements obtained

4. An entity shall disclose by class of financial instrument 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.

Reference

Guidance notes

Financial risk management - Credit risk (continued)

5. When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements, and such assets meet the recognition criteria in other Standards, the following disclosure can be considered: FRS 107(38)

   "During the financial year, the Company obtained assets by taking possession of collateral held as security as follows:

Nature of assets	*Carrying amount*
Inventories	*[ ]*
Property, plant and equipment	*[ ]*

   Repossessed items are sold as soon as practicable, with the proceeds used to reduce outstanding receivables. They are presented within "other current assets" on the balance sheet.

   When an entity is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, the fair value of the collateral shall be disclosed, together with the terms and conditions associated with its use of the collateral. FRS 107(15)

Analysis of aging of financial assets

6. The current disclosure reflects the fact pattern of PwC Pte Ltd wherein the financial assets (trade receivables, in this case) that are past due but not impaired are principally less than one month due. In a case that an entity has financial assets that are aged for longer periods, the following disclosure may be considered, if reflective of the entity's fact pattern: FRS 107(37)(a)

	2016 **$'000**	2015 $'000
Past due < 3 months	**[ ]**	[ ]
Past due 3 to 6 months	**[ ]**	[ ]
Past due over 6 months	**[ ]**	[ ]
	[ ]	[ ]

7. Credit ratings are forward-looking opinions about credit risk provided by different agencies (for instance for Standard and Poor – ranging from A, AA…D) and hence subject to differing opinions and judgements. As such, engagement teams are encouraged to audit the underlying ratings and amend the necessary assertions for the purpose of disclosures required under FRS 107(36)(c) regarding information about the credit quality of financial assets that are neither past due nor impaired.

Reference

26. Financial risk management[1] (continued)

(c) Liquidity risk

The table below analyses the Company's non-derivative financial liabilities and derivatives that are used to hedge foreign currency purchases into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows[1].

	Less than 1 year [4] $'000	Between 1 and 2 years [4] $'000	Between 2 and 5 years [4] $'000
At 31 December 2016			
Trade and other payables	(3,150)	-	-
Borrowings	(5,490)	(2,447)	(3,380)
Financial guarantee contracts	(8,120)	-	-
At 31 December 2015			
Trade and other payables	(2,689)	-	-
Borrowings	(4,902)	(758)	(1,364)

FRS 107 App B11C(c)

The table below analyses the Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

FRS 107(39)(b)

	Less than 1 year [4] $'000	Between 1 and 2 years [4] $'000	Between 2 and 5 years [4] $'000
At 31 December 2016			
Gross-settled currency forwards			
- Receipts	1,160	-	-
- Payments	(990)	-	-
At 31 December 2016			
Gross-settled currency forwards			
- Receipts	1,090	-	-
- Payments	(1,010)	-	-

Notes

Reference

Guidance notes

Financial risk management – Liquidity risk

Contractual undiscounted cash flows

1. Irrespective of whether they are reported to key management, a maturity analysis should be disclosed for: FRS 107 39(a,b)
   (a) the non-derivative financial liabilities (including issued financial guarantee contracts) that show the remaining contractual maturities; and
   (b) derivative financial liabilities that include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows.

   For derivative financial liabilities, it is judgemental as to whether the remaining contractual maturities would be essential for an understanding of the timing of the cash flows. FRS 107 specifies that contractual maturities would be essential in the following situations: FRS 107 App B11B
   (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; and
   (b) all loan commitments.

   The amounts disclosed in the maturity analysis are contractual undiscounted cash flows of financial liabilities only, e.g.: FRS 107 App B11D

   (a) gross finance lease obligations (before deducting finance charges);
   (b) prices specified in forward agreements to purchase financial assets for cash;
   (c) net amounts for pay-floating/receive-fixed (or vice versa) interest rate swaps for which net cash flows are exchanged;
   (d) contractual amounts to be exchanged in a derivative financial instrument (e.g., a currency swap) for which gross cash flows are exchanged; and
   (e) gross loan commitments.

   Contractual cash flows are <u>undiscounted</u> and therefore differ from the carrying amount on the balance sheet by the amount of interest accruing between the balance sheet date and the maturity date. This difference is not expected to be material for balances due within 12 months given the short period of interest accrual. <u>Entities can choose to add a column with the carrying amount that ties into the balance sheet and a reconciling amount column if they so wish, but this is not mandatory.</u>

Variable amount payable

2. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. For example, when the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the reporting date. FRS 107 AppB11D

Expected maturity dates

3. An entity should disclose summary quantitative data about its exposure to liquidity risk on the basis of the information provided internally to key management personnel. If the outflows of cash (or another financial asset) included in that data could occur significantly earlier than indicated in the data, the entity should state this fact and provide quantitative information that enables this risk to be assessed. FRS 107 AppB10A

Reference

Guidance notes

Financial risk management – Liquidity risk (continued)

Time buckets

4. In preparing the maturity analysis, an entity uses its judgement to determine an appropriate number of time buckets. FRS 107 prescribes that: FRS 107 AppB11

   FRS 107 AppB11C

   (a) When a counterparty has a choice of when an amount is to be paid, the liability is included on the basis of the earliest date on which the reporting entity can be required to pay.
   (b) When an entity is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the entity can be required to pay.
   (c) For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

5. If the company is subject to a significant liquidity risk, the company may consider providing information regarding its committed credit facilities as a part of its policy to manage its liquidity risk. DV

   The suggested disclosure is as follows:

	2016	2015
	$'000	$'000
Not later than one year	**[ ]**	[ ]
Later than one year	**[ ]**	[ ]
	[ ]	[ ]

   The facilities expiring not later than one year from the balance sheet date are facilities subject to annual review at various dates during 2016.

Reference

26. Financial risk management (continued)

(d) *Capital risk*[1,2]

FRS 1(134,135), IG10

FRS 1(135)(a)

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

FRS 1(135)(a)
FRS 1(135)(b)

The Board of Director's monitors its capital based on net debt and total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2016	2015
	$'000	$'000
Net debt	**8,049**	5,619
Total equity	**16,322**	11,062
Total capital	**24,371**	16,681

FRS 1(135)(d)

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

Guidance notes

Financial risk management – Capital risk

FRS 1 IG10

1. This publication illustrates the capital risk disclosure for a reporting entity that monitors its capital base. Other entities may use different and/or more complex methods to monitor capital. An entity decides, in light of its circumstances, which measures are more suitable to monitor its capital and how much detail it should disclose. For instance, some entities may monitor capital based on Return on Capital Employed, Economic Value Added, gearing ratio or dividend payout ratio.

FRS 1(136)

2. An entity may be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may also operate in several jurisdictions. When an aggregate disclosure will not provide useful information, the entity shall disclose separate information for each capital requirement to which the entity is subject.

Reference

26. Financial risk management (continued)

(e) *Fair value measurements*

FRS 113(93)

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy: FRS 113(93)(a),(b)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2016				
Derivative financial instruments	-	170	-	170
Available-for-sale financial assets	956	-	-	956
Total assets	956	170	-	1,126
2015				
Derivative financial instruments	-	80	-	80
Available-for-sale financial assets	616	-	-	616
Total assets	616	80	-	696

There were no transfers between level 1 and level 2 fair values during the year. FRS 113(93)(c)

The fair value of financial instruments traded in active markets (available-for-sale securities) is based on quoted current bid prices at the balance sheet date. These instruments are included in Level 1. FRS 113(70)

The fair value of financial instruments that are not traded in an active market (over–the-counter currency forwards) is determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2. FRS 113(93)(d)

The carrying value less impairment provision of current trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of current borrowings approximates their carrying amount. FRS 107(29)(a)

Guidance notes

Financial risk management – Fair value measurements

1. This publication illustrates disclosures for an entity that has no level 3 fair values. Additional disclosures will be required under both FRS 107 and FRS 113 if an entity holds financial instruments measured at level 3 fair values. Please refer to the illustrative annual report for PwC Holdings Ltd for sample disclosures. FRS 107 FRS 113

26. Financial risk management (continued)

FRS 107(8)

(f) *Financial instruments by category*

The carrying amounts of financial assets measured at fair value (available-for-sale and fair value through profit and loss) are disclosed on the face of the balance sheet and in Note 13 and Note 16 to the financial statements respectively.

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2016 **$'000**	2015 $'000
Loans and receivables	**13,568**	9,372
Financial liabilities at amortised cost	**13,551**	8,700

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

(g) *Offsetting financial assets and financial liabilities*[1]

FRS 107(13A)

The Company has currency forwards with one counterparty that are subject to enforceable master arrangement. These currency forwards are being offset and presented net on the face of the balance sheet. There are no financial collaterals received in respect of these currency forwards.

Reference

Guidance notes

Commentary – disclosures of offsetting of financial assets and financial liabilities

1. Amendments to FRS 107, 'Disclosure – Offsetting financial assets and financial liabilities' require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The disclosures in these amendments are required for all recognised financial instruments that are set off in accordance with paragraph 42 of FRS 32. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreements, irrespective of whether they are set off in accordance with paragraph 42 of FRS 32 [FRS107 paragraph 13A, B40]. The amendments do not provide a definition of "master netting arrangement" however paragraph 50 of FRS 32 identifies the following characteristics, which a master netting arrangement would have: FRS 107(13C)

   (a) provides for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract.

   (b) used by financial institutions to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations.

   (c) Creates a right of set-off that becomes enforceable and affects the realisation or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business.

   Because of the broad scope of the new offsetting requirements, these disclosures are relevant not only to financial institutions but also corporate entities.

   Per FRS 107 paragraphs B51 and B52, entities may group the quantitative disclosures by type of financial instrument or by counterparty. The above example only illustrates the disclosures by type of financial instrument. When disclosure 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.

27. Immediate and ultimate holding corporation

The Company's immediate holding corporation is PwC Holdings Ltd, incorporated in Singapore. The ultimate holding corporation is PwC Global Limited, incorporated in the United Kingdom. FRS 1(138)(c) FRS 24(13) CA 201(10)

Notes to the Financial Statements

For the financial year ended 31 December 2016

28. Related party transactions[1,2,3,6]

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales and purchase of goods and services FRS 24(18,24)

	2016 $'000	2015 $'000	Reference
Purchases of inventories from immediate holding corporation	**601**	504	FRS 24(18)(a)
Sale of goods to an entity in which a key management personnel of the Company has controlling interest	**332**	201	FRS 24(9)(b)(vii)
Payments made on behalf by immediate holding corporation	**186**	153	FRS 24(18)(a)
Professional fees incurred and paid to a firm which a director of the Company has a financial interest	**212**	149	FRS 24(19)(g)
Commitment for purchases	**100**	150	

Outstanding balances at 31 December 2016, arising from sale/purchase of goods and services are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 15 and 18 respectively. FRS 24(17)(b)(i)

(a) Key management personnel compensation[4,5] FRS 24(17)

	2016 $'000	2015 $'000	Reference
Wages and salaries	**1,200**	1,300	FRS 24(17)(a)
Post-employment benefits – contribution to Central Provident Fund	**400**	450	FRS 24(17)(b)
	1,600	1,750	

Included in the above is total compensation to directors of the Company amounting to $630,000 (2015: $540,000). DV

Reference

Guidance notes

Related party transactions

Materiality and nature of transactions

1. It is particularly important to consider the nature of related party transactions. For example, services may be provided free of charge to a related party and a conclusion on whether the services provided are material can only be made by considering the nature of the transactions. Examples of expenses arising from the provision of free services include management fees or key management compensation. If such an item is deemed material, the provision of these free services should also be disclosed.

Examples of related party transactions

FRS 24(21)

2. The following are examples of transactions that are disclosed if they are with a related party:
   (a) purchases or sales of goods (finished or unfinished);
   (b) purchases or sales of property and other assets;
   (c) rendering or receiving of services;
   (d) leases;
   (e) transfers of research and development;
   (f) transfers under license agreements;
   (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
   (h) provision of guarantees or collateral; and
   (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised); and
   (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.

Reference

Guidance notes

Related party transactions (continued)

Definition of related parties

FRS 24(11)

3. The following are not necessarily related parties:
   (a) two entities simply because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity;
   (b) two joint venturers simply because they share joint control over a joint venture;
   (c) providers of finance, trade unions, public utilities, government departments and agencies that do not control, jointly control or significant influence the reporting entity, simply by virtue of their normal dealings with an entity; and
   (d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence.

Definition of key management personnel

FRS 24(9)

4. Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity. They include directors and officers and close members of the families of such individuals.

Components of key management personnel compensation

FRS 24(9)

5. Compensation includes all employee benefits (as defined under FRS 19 and FRS 102) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Where key management personnel compensation include share-based payments, this should be disclosed as a separate line item where material.

FRS 24 (17)

Categories of disclosure

FRS 24 (19)

6 Related party disclosures shall be made separately for each of the categories specified as follows:

   (a) the parent;
   (b) entities with joint control or significant influence over the entity;
   (c) subsidiaries;
   (d) associates;
   (e) joint ventures in which the entity is a venturer;
   (f) key management personnel of the entity or its parent; and
   (g) other related parties.

   For transactions with "other related parties", the entity shall disclose the nature of the related party relationship.

Notes

Reference

29. New or revised accounting standards and interpretations[1]

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published[1] but are only effective for the Company's accounting periods beginning on or after 1 January 2017. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption. FRS 8 (30)(a) FRS 8 (30)(b)

Guidance notes

New or revised accounting standards and interpretations published at the date of issuance of the financial statements but not yet effective

Price risk

1. FRS 8 requires an entity to disclose the possible effects of future adoption of new or revised accounting Standards and Interpretations that have been issued up to the date of issuance of the financial statements but are not yet effective. FRS 8(30)

2. It is not required to list all FRSs, INT FRSs and amendments to FRS that have been issued but are not effective at date of authorisation of financial statements. Only those relevant to the entity's operations should be indicated.

3. Please refer to guidance note 8 under Note 2.1 for the list of FRSs issued but not effective yet (complete as of 30 June 2016). The potential impact of any new or revised FRSs, INT FRSs and amendments to FRS issued after that date but before the issue date of the financial statements should also be covered and disclosed.

30. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of PwC Pte Ltd on 20 March 2017. FRS 10(17)

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Others Disclosures

Additional Illustrative Disclosures

- Appendix 1
- Appendix 2

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 1: Investments in subsidiaries, associated companies and joint ventures (applicable to companies which are exempted from preparing consolidated financial statements and/or exempted from applying equity accounting). FRS 27(10) FRS 28(17)

Extract of significant accounting policies:

Note 2.1 Basis of preparation

Exemption from preparing consolidated financial statements[1,2]

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of PwC Holdings Ltd, a Singapore-incorporated company which produces consolidated financial statements available for public use. The registered office of PwC Holdings Ltd where the consolidated financial statements can be obtained is as follows: 350 Harbour Street, PwC Centre, #30-00, Singapore 049929. FRS 27(16)(a)

Note 2.X Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are stated at cost[2] less accumulated impairment losses in the balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between net disposal proceeds and the carrying amount of the investment are recognised in profit or loss. FRS 27(10)(a) FRS 27(16)(c)

Guidance notes

Investments in subsidiaries, associated companies and joint ventures (Significant accounting policies)

Exemption from preparing consolidated financial statements

1. A parent can be exempted from preparing consolidated financial statements if it satisfies the criteria under paragraph 4(a) of FRS 110 and elects to use the exemption to prepare separate financial statements. FRS 110(4)(a)

Exception from consolidation

2. When a parent is an investment entity prepares, in accordance with paragraph 8A of FRS 27, separate financial statements as its only financial statements, disclosure on this fact is required. FRS 110(4)(c) FRS 27(16A)

Exemption from applying equity accounting

3. Exemption from applying equity accounting to its investments in associates is available to an entity when it meets the same conditions as those required under FRS 110 to be exempted from preparing consolidated financial statements, or if it satisfies the criteria under paragraph 17 of FRS 28. Please refer to guidance note 1 above. FRS 28(17)

Others Disclosures

Guidance notes

Investments in subsidiaries, associated companies and joint ventures (Significant accounting policies) (continued)

Method of accounting

4. When separate financial statements are prepared, investments in subsidiaries, jointly-controlled entities and associates that are not classified as held-for-sale, shall be accounted for either: (a) at cost; or (b) in accordance with FRS 39. FRS 27(10)

Joint operations

5. The adoption of FRS 111 *Joint Arrangements* did not have a significant impact on this set of financial statements as the Company does not have any interest in a joint operation.

   For illustrations of the disclosures required for companies with interests in joint operations, please refer to the illustrative annual report for PwC Holdings Ltd.

Dividends received from subsidiaries, associated companies and joint ventures

6. Dividends received from subsidiaries, associated companies and joint ventures are recognised in profit or loss in the separate financial statements of the Company when its right to receive the dividend is established. FRS 27(12)

7. The receipt of a dividend from a subsidiary, joint venture or associated company is an indicator of impairment of the relevant investment when: FRS 36(12)(h)

   (a) the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or
   (b) the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared.

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 1: Investments in subsidiaries, associated companies and joint ventures (continued)

Extracts of notes to financial statements:

Investments in subsidiaries

	2016 $'000	2015 $'000	
Equity investments at cost	**[ ]**	[ ]	DV
Beginning of financial year	**[ ]**	[ ]	
Acquisition	**[ ]**	[ ]	
Disposal	**[ ]**	[ ]	
End of financial year	**[ ]**	[ ]	

At the balance sheet date, the details of the subsidiaries are as follows:[1] FRS 27(16)(b)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2016 %	Equity holding 2015 %
[Name]	[Activity]	[Country]	[ ]	[ ]
[Name]	[Activity]	[Country]	[ ]	[ ]

Others Disclosures

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 1: Investments in subsidiaries, associated companies and joint ventures (continued)

Extracts of notes to financial statements:

Investments in associated companies

	2016 $'000	2015 $'000	
Equity investments at cost			DV
Beginning of financial year	**[ ]**	[ ]	
Acquisition	**[ ]**	[ ]	
Disposal	**[ ]**	[ ]	
End of financial year	**[ ]**	[ ]	

The summarised financial information of associated companies not adjusted for the preparation ownership interest held by the Company are as follows:[2] DV, FRS 112(6)(b)

	2016 $'000	2015 $'000	
– Assets	**[ ]**	[ ]	
– Liabilities	**[ ]**	[ ]	
– Revenue	**[ ]**	[ ]	
– Net profit	**[ ]**	[ ]	
Share of associated companies' contingent liabilities incurred jointly with other investors	**[ ]**	[ ]	DV, FRS 112(6)(b)
Contingent liabilities relating to liabilities of associates for which the Company is severally liable	**[ ]**	[ ]	DV, FRS 112(6)(b)

At the balance sheet date, the details of the associated companies are as follows:[1] FRS 27(16)(b)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2016 %	Equity holding 2015 %
[Name]	[Activity]	[Country]	[ ]	[ ]
[Name]	[Activity]	[Country]	[ ]	[ ]

Others Disclosures

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 1: Investments in subsidiaries, associated companies and joint ventures (continued)

Investments in joint ventures

	2016 $'000	2015 $'000	Reference
Equity investments at cost			DV
Beginning of financial year	**[ ]**	[ ]	
Acquisition	**[ ]**	[ ]	
Disposal	**[ ]**	[ ]	
End of financial year	**[ ]**	[ ]	

The following amounts represent the Company's [ ]% share of the assets and liabilities and income and expenses of the joint venture:[3]

DV, FRS 112(6)(b)

	2016 $'000	2015 $'000	Reference
Assets			
– Current assets	**[ ]**	[ ]	
– Non-current assets	**[ ]**	[ ]	
	[ ]	[ ]	
Liabilities			
– Current liabilities	**[ ]**	[ ]	
– Non-current Liabilities	**[ ]**	[ ]	
	[ ]	[ ]	
Net assets	**[ ]**	[ ]	
Sales	**[ ]**	[ ]	
Expenses	**[ ]**	[ ]	
Profit before tax	**[ ]**	[ ]	
Income tax	**[ ]**	[ ]	
Profit after tax	**[ ]**	[ ]	
Capital commitments in relation to interest in joint venture	**[ ]**	[ ]	DV, FRS 112(6)(b) DV, FRS 112(6)(b)
Proportionate interest in joint venture's capital commitments	**[ ]**	[ ]	FRS 27(16)(b)

At the balance sheet date, the details of the joint ventures are as follows:[1]

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2016 %	2015 %
[Name]	[Activity]	[Country]	[ ]	[ ]
[Name]	[Activity]	[Country]	[ ]	[ ]

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Guidance notes

Investments in subsidiaries, joint ventures and associated companies (Notes to financial statements)

List of significant investments

1. The exempted parent that elects to prepare separate financial statements shall also disclose a list of significant investments in subsidiaries, jointly-controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest (and if different, proportion of voting power held) and a description of the method used to account for these investments. The listing should include investments which can be either directly or indirectly held by the Company. FRS 27(16)(b,c)

Summarised financial information – joint ventures, associated companies and unconsolidated structured entities

2. Summarised financial information about joint ventures and associated companies is not required for an entity's separate financial statements to which FRS 27 *Separate Financial Statements applies.* FRS 112(6)(b)

Interests in structured entities

3. Disclosures relating to an entity's interest in unconsolidated structured entities, for which the entity prepares separate financial statements as its only financial statements, are required. The entity shall apply paragraphs 24-31 of FRS 112 *Disclosures of Interests in Other Entities when preparing those separate financial statements.* FRS 112(6)(b) FRS 112(24-31)

Interests in unconsolidated subsidiaries – investment entities

4. The parent which is an investment entity shall present the disclosures relating to investment entities required by FRS 112 *Disclosures of Interests in Other Entities.* FRS 112(9A-B) FRS 112(19A-G)

Interests in joint ventures and associated companies measured at fair value through profit or loss

5. An entity is required to disclose the nature, extent and financial effects of its interests in joint ventures and associated companies for each joint venture and associated company that is measured at fair value through profit or loss that is material to the reporting entity. This includes summarised financial information about the joint ventures and associated companies. The entity shall apply paragraphs 21-23 of FRS 112 *Disclosures of Interests in Other Entities.* FRS 112(6)(b) FRS 112(21-23)

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 2: Share-based payments[1,2,3]
(applicable to entities whose employees are granted share-based payments by the equity's parent)

Extract of significant accounting policies:

Employee compensation

Equity-settled share-based compensation

The Company's immediate holding corporation operates an equity-settled share-based compensation plan and grants share options to the Company's employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the capital reserve as a contribution from the immediate holding corporation over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Company revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss with a corresponding adjustment to the capital reserve over the remaining vesting period.

FRS 102(2)(a)
FRS 102(7,8)
FRS 102(16)
FRS 102(19)
FRS 102(20)

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 2: Share-based payments (continued)

Extracts of notes to financial statements:

Employee compensation

	2016 **$'000**	2015 $'000	Reference
Wages and salaries	**[ ]**	[ ]	
Employer's contribution to defined contribution plans including Central Provident Fund	**[ ]**	[ ]	FRS
Share option expense (Note [ ])	**[ ]**	[ ]	102 (50,51(a))
	[ ]	[ ]	

FRS 1(106)(d)

Capital reserves

	2016 **$'000**	2015 $'000
Beginning of financial year	**[ ]**	[ ]
Employee share option scheme	**[ ]**	[ ]
– Value of employee services	**[ ]**	[ ]
End of financial year	**[ ]**	[ ]

<u>Share options</u>

Share options were granted by the Company's immediate holding corporation to key management and employees with more than [ ] years of service under the PwC Holdings Employee Share Option Scheme, which became operative on [date]. FRS 102(45)(a)

The exercise price of the options is determined at the average of the closing prices of the immediate holding corporation's ordinary shares on the Singapore Exchange for [ ] market days immediately preceding the date of the grant. The vesting of the options is conditional on the key management or employee completing another [ ] years of service to the Company and the Company achieving its targets of profitability and sales growth. FRS 102(45)(a)

Once the options have vested, they are exercisable for a contractual option term of [ ] years. The options may be exercised in full or in part in respect of [ ] shares or a multiple thereof, on the payment of the exercise price. The Company has no legal or constructive obligation to repurchase or settle the options in cash. FRS 102(45)(a)

Reference

Example 2: Share-based payments (continued)

Extracts of notes to financial statements: (continued)

Capital reserves *(continued)*

Share options (continued)

Movement in the number of unissued ordinary shares of the immediate holding corporation under option for the Company's employees are as follows: FRS 102(45)(b-d)

	← No. of ordinary shares under option				→		
	Beginning of financial year	Granted during financial year	Forfeited during financial year	Exercised during financial year	End of financial year	Exercise price	Exercise period
2016							
2014 Options	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
2015 Options	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
2016 Options	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
	[ ]	[ ]	[ ]	[ ]	[ ]		
2015							
2014 Options	[ ]	[ ]	[ ]	[ ]	[ ]		
2015 Options	[ ]	[ ]	[ ]	[ ]	[ ]		
	[ ]	[ ]	[ ]	[ ]	[ ]		

No options expired during the years ended 31 December 2016 and 2015. FRS 102(45)(b)(v)

Out of the unexercised options for [ ] (2015: [ ]) shares, options for [ ] (2015: [ ]) shares are exercisable at the balance sheet date. FRS 102(45)(b)(vii)

The weighted average share price at the time of exercise was $[ ] (2015: $[ ]) per share. FRS 102(45)(c)

The fair value of options granted on 1 January 2016 (2015: 1 January 2015), determined using the Binomial Valuation Model, was $[ ] (2015: $[ ]). The significant inputs into the model were share price of $[ ] (2015: $[ ]) at the grant date, exercise price of $[ ] (2015: $[ ]), standard deviation of expected share price returns of [ ]% (2015: [ ]%), expected dividend yield of [ ]% (2015: [ ]%), the option life shown above and annual risk-free interest rate of [ ]% (2015: [ ]%). The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices over the last [ ] years. FRS 102(46,47(a))

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Related party transactions

Key management personnel compensation — FRS 24(17)

Key management personnel compensation is as follows:

	2016 $'000	2015 $'000	
Wages and salaries	**[ ]**	[ ]	
Employer's contribution to defined contribution plans, including Central Provident Fund	**[ ]**	[ ]	
Share option expense	**[ ]**	[ ]	FRS 24(17)(e)
	[ ]	[ ]	

Reference

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Guidance notes

Share-based payments ("SBP") (Notes to financial statements)

SBP on equity instruments of the parent – equity-settled

1. Example 2 in the Appendix illustrates the disclosure in a subsidiary's books where the parent grants rights to its equity instruments to the employees of its subsidiary. If such a SBP arrangement is accounted for as equity-settled in the consolidated financial statements of the parent, the subsidiary shall treat the services received from its employees as *equity-settled*, with a corresponding increase recognised in the capital reserves (equity) as a contribution from the parent. FRS 102 (43B) FRS 102 AG(B53)

2. If the employees work for different entities in the group during the vesting period, each subsidiary shall measure the services received by reference to: FRS 102 AG(B59,B61)
   (i) the fair value of the equity instruments at the date those rights to equity instruments were *originally granted* by the parent; and
   (ii) the proportion of the vesting period served by the employee with that subsidiary.

   If the employee who works with different group entities fails to meet non-market vesting condition, no amount is recognised on a cumulative basis. Each subsidiary shall reverse the amount previously recognised.

SBP on equity instruments of the parent – with a recharge versus without a recharge

3. Where the parent grants rights to its equity instruments to the employees of its subsidiary in an equity-settled arrangement, the parent may choose to recharge the cost of the SBP to the subsidiary.

   In the situation where a recharge is made, the payment to the parent is recorded as a reduction in equity, similar to a situation when an entity repurchases vested equity instruments. In such situations, the following additional disclosures can be considered:

Capital reserves	
Beginning of financial year	[ ]
Employee share option scheme	[ ]
– Value of employee services	
Payment of recharge to immediate holding corporation	[ ]
End of financial year	[ ]

   In a situation where no recharge is made, the parent has effectively provided additional capital as it has issued the shares at no cost to the employees of the subsidiary.

SBP on equity instruments of the parent – cash-settled

4. Where a subsidiary grants rights to equity instruments of its parent to its employees, the subsidiary shall account for the SBP transaction as cash-settled. This requirement applies irrespective of how the subsidiary obtains the equity instruments to satisfy its obligations to its employees. This is not illustrated in the Appendix. FRS 102 AG (B55)

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 3: Intercompany balances – Disclosure of loan to subsidiary – Considered to be a part of Company's net investment in subsidiary.

Extracts of significant accounting policies:

Financial assets

Loans and receivables

Loans and receivables include "cash and bank balances", "loan to immediate holding corporation", and "trade and other receivables" except for non-current interest-free receivables from subsidiaries which have been accounted for in accordance with note [(make a reference to the accounting policy for investment in subsidiaries)]….

Critical accounting estimates, assumptions and judgements

…

Loans to subsidiaries

The Company has extended interest-free loans to certain subsidiaries amounting to xxx (2015:xxx). These loans have no fixed terms of repayment and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future.

As a result, management considers such loans to be in substance part of the Company's net investment in these subsidiaries, and has accounted for these loans in accordance with Note [XX].

Trade and other receivables

	2016	2015
	$'000	$'000
Non-current		
Loans to subsidiaries	**[ ]**	[ ]

The loans to subsidiaries are non-trade related, unsecured, interest-free, and have no fixed-terms of repayment. These loans are considered to be part of the Company's net investment in these subsidiaries.

Others Disclosures

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Reference

Example 4: Alternative presentation for Statement of comprehensive income (One statement, expenses by nature)

Scenario 1: One-statement presentation of statement of comprehensive income based on a classification of expenses by nature — FRS 1(99, 103)

	Note	**2016[2]** **$'000**	2015[2] $'000	Reference
Sale of goods[1]		**54,312**	42,855	FRS 1(82)(a)
Other income	4	**268**	207	FRS 1(102)
Other gains/(losses)	5	**462**	(267)	
Expenses				
- Purchases of inventories[5]		**(32,159)**	(22,526)	FRS 1(102)
- Depreciation of property, plant and equipment	17	**(1,260)**	(1,315)	FRS 1(102)
- Employee compensation	7	**(9,555)**	(8,478)	FRS 1(102)
- Advertising[2]		**(2,183)**	(1,612)	
- Rental on operating leases		**(650)**	(600)	
- Transportation[2]		**(1,682)**	(1,298)	FRS 17 (35)(c)
- Reversal of inventory write-down[3]		**200**	–	FRS 2(36)(e,f)
- Impairment loss on trade receivables		**(105)**	(150)	FRS 107 (20)(e)
- Finance	8	**(437)**	(582)	FRS 1(82)(b)
- Other[4]		**(471)**	(530)	
- Changes in inventories[5]		**(974)**	(91)	FRS 1(102)
Total expenses		**47,328**	(37,182)	
Profit before income tax		**7,714**	5,613	
Income tax expense	9	**(2,260)**	(1,920)	FRS 1(82)(d)
Profit after tax		**5,454**	3,693	
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				FRS 1(82A)
Available-for-sale financial assets				
- Fair value gains		**407**	56	FRS 107(20)(a)(ii)
- Reclassification		**(51)**	-	FRS 107(20)(a)(ii)
Other comprehensive income, net of tax		**356**	56	FRS 1(91)(a)
Total comprehensive income		**5,810**	3,749	FRS 1(81)(A)(b)

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Guidance notes

Statement of Comprehensive Income

Revenue and other income

1. Where applicable, the amount of revenue and other income recognised for each of the following categories should be disclosed separately, either on the face of the statement of comprehensive income or in the notes to the financial statements: FRS 18(35)(b)
   (i) the sale of goods
   (ii) the rendering of services
   (iii) interest
   (iv) royalties
   (v) dividends
   (vi) rental income from investment property FRS 40(75)(f)(i)

Additional disclosures

2. Additional line items, headings and subtotals shall be presented on the face of the statement of comprehensive income only when such presentation is necessary to an understanding of the entity's financial performance, the presentation is free of bias and undue prominence, the presentation is applied consistently and the methods are described in detail in the accounting policies. FRS 1(55)

Expense disclosures

3. In this publication, expense items which are required to be disclosed under the respective FRSs (e.g. reversal of inventory write-down, impairment loss on trade receivables, rental on operating leases) are disclosed on the face of the statement of comprehensive income. Alternatively, these expenses can be disclosed in the notes to the financial statements under the respective balance sheet items.

4. "Other" can be used to aggregate miscellaneous and individually immaterial items. Please refer to guidance note 2 under Note 2 "Significant accounting policies" for further notes on application of the materiality concept.

5. For a trading company, "the cost of the inventories sold" (the aggregation of purchases of inventories and changes in inventories) can be disclosed as an alternative presentation format

6. This publication illustrates the presentation of items individually net of tax. Alternatively, an entity can present these items individually gross of tax and their total tax effects as a separate line item.

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

Example 5: Alternative presentation for Statement of comprehensive income (Two statements, expense by function and nature)

(1) Two-statement presentation of Statement of comprehensive income based on a classification of expenses by function[1] FRS 1(99, 103)

Income Statement

	Note	**2016[2] $'000**	2015[2] $'000	Reference
Sale of goods[3]		**54,312**	42,855	FRS 1(82)(a)
Cost of sales	6	**(30,985)**	(22,617)	FRS 1(103)
Gross profit		**23,327**	20,238	FRS 1(103)
Other income	4	**268**	207	FRS 1(103)
Other gains/(losses)	5	**462**	(267)	
Expenses				
- Distribution and marketing	6	**(8,539)**	(6,965)	FRS 1(103)
- Administrative	6	**(7,367)**	(7,018)	FRS 1(103)
- Finance	8	**(437)**	(582)	
Profit before income tax		**7,714**	5,613	
Income tax expense	9	**(2,260)**	(1,920)	FRS 1(82)(d)
Profit after tax		**5,454**	3,693	

Statement of comprehensive income

	2016[2] $'000	2015[2] $'000	Reference
Profit after tax	**5,454**	3,693	
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss:			FRS 1(82A)
Available-for-sale financial assets			
- Fair value gains	**407**	56	FRS 107(20)(a)(ii)
- Reclassification	**(51)**	-	FRS 107(20)(a)(ii)
Other comprehensive income, net of tax	**356**	56	FRS 1(91)(a)
Total comprehensive income	**5,810**	3,749	

Appendix – Additional Illustrative Disclosures

Appendix 1 – Areas not relevant to PwC Pte Ltd

(2) Two-statement presentation of Statement of comprehensive income based on a classification of expenses by nature — FRS 1(99, 103)

Income Statement

	Note	**2016[2] $'000**	2015[2] $'000	Reference
Sale of goods[3]		**54,312**	42,855	FRS 1(82)(a)
Other income[1]	4	**268**	207	FRS 1(102)
Other gains/(losses)	5	**462**	(267)	
Expenses				
- Purchases of inventories[5]		**(32,159)**	(22,526)	FRS 1(102)
- Depreciation of property, plant and equipment	17	**(1,260)**	(1,315)	FRS 1(102)
- Employee compensation	7	**(9,555)**	(8,478)	FRS 1(102)
- Advertising[2]		**(2,183)**	(1,612)	
- Rental on operating leases[3]		**(650)**	(600)	FRS 17 (35)(c)
- Transportation[2]		**(1,682)**	(1,298)	
- Reversal of inventory write-down[3]		**200**	–	FRS 2(36)(e,f)
- Impairment loss on trade receivables		**(105)**	(150)	FRS 107 (20)(e)
- Finance	8	**(437)**	(582)	FRS 1(82)(b)
- Other[4]		**(471)**	(530)	
- Changes in inventories[5]		**(974)**	(91)	FRS 1(102)
Total expenses		**47,328**	(37,182)	
Profit before income tax		**7,714**	5,613	
Income tax expense	9	**(2,260)**	(1,920)	FRS 1(82)(d)
Profit after tax		**5,454**	3,693	

Statement of comprehensive income

	2016[2] $'000	2015[2] $'000	Reference
Profit after tax	**5,454**	3,693	
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			FRS 1(82A)
Available-for-sale financial assets			
- Fair value gains	**407**	56	FRS 107(20)(a)(ii)
- Reclassification	**(51)**	–	FRS 107(20)(a)(ii)
Other comprehensive income, net of tax	**356**	56	FRS 1(91)(a)
Total comprehensive income	**5,810**	3,749	

Appendix – Additional Illustrative Disclosures

Appendix 2 – Critical accounting estimates, assumptions and judgements not relevant or material to PwC Pte Ltd

Critical accounting estimates, assumptions and judgements

The following critical accounting estimates, assumptions and judgements may be applicable, among many other possible areas not presented in PwC Pte Ltd financial statements.

(a) Useful lives of electrical component division's plant and equipment FRS 1(122,125)

The costs of plant and equipment for the manufacture of electronic component parts are depreciated on a straight-line basis over the machineries' useful lives. Management estimates the useful lives to be between 5 to 7 years, based on the estimated useful lives for similar machinery in the same industry and the projected life-cycles for its products. These estimates can change significantly as a result of expected usage or abandonment, technological innovations and competitors' actions, leading to potential changes in future depreciation charges, impairment losses and/or write-offs.

If the actual useful lives of the technology division plant and equipment differ by 10% from management's estimates, the carrying amount of the plant and equipment will be an estimated $1,000,000 higher or $970,000 lower.

(b) Post-employment pension obligations

The present value of the post-employment pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have a tenure approximating the tenure of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions.

If the discount rate used differs by 1% from management's estimates, the carrying amount of pension obligations will be an estimated $425,000 lower or $450,000 higher.

Appendix – Additional Illustrative Disclosures

Appendix 2 – Critical accounting estimates, assumptions and judgements not relevant or material to PwC Pte Ltd

Critical accounting estimates, assumptions and judgements (continued)

(c) *Warranty claims* FRS 1(122,125)

The Company gives two-year warranties for its personal computer products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives, as well as parts and labour costs.

If costs of claims differ by 10% from management's estimates, the warranty provisions will be an estimated $2,000,000 higher or $1,875,000 lower.

(d) *Property, plant and equipment*

The Company's business is capital intensive and the annual depreciation of property, plant and equipment forms a significant component of total costs charged to profit or loss. The Company reviews the residual values and useful lives of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2.5. The estimation of the residual values and useful lives involves significant judgement. The net book value of property, plant and equipment at 31 December 2016 is $153.6 million and the annual depreciation charge for the financial year ended 31 December 2016 is $17.7 million.

If the actual useful lives of the property, plant and equipment are longer or shorter than the management's estimate by one year on average, the Company's annual depreciation charge will be reduced by $4.0 million and increased by $6.0 million respectively.

(e) *Share-based compensation*

The Company's equity-settled, share-based compensation plan is significant and the amount of the employee services received in exchange for the grant of options recognised as an expense forms a significant component of total expenses charged to profit or loss. This plan is accounted for in accordance with the accounting policy in Note XX, and involve significant judgement in estimating the expected number of shares under options that will become exercisable on vesting date.

If the actual number of shares under options that are expected to become exercisable on the vesting date differs by 10% from management's estimates, total profit will be approximately $70,000 higher or lower.

Appendix – Additional Illustrative Disclosures

Appendix 2 – Critical accounting estimates, assumptions and judgements not relevant or material to PwC Pte Ltd

Critical accounting estimates, assumptions and judgements (continued)

(f) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least once a quarter. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has considered whether there have been significant changes in the technological, market, economic or legal environment in which the debtor operates on other observable data indicating that there has been a sigificant change in the payment ability of the debtor.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Company would have been higher/lower by $584,000.

(g) Fair value estimation on unlisted securities FRS 113(93)(h)(ii)

The Company holds corporate variable rate notes that are not traded in an active market with a carrying amount of $5,347,000. The Company has used discounted cash flow analysis for valuing these financial assets and made estimates about expected future cash flows and credit spreads.

If the credit spread used in the discounted cash flow analysis had been higher/lower by 1% from management's estimates, the Company's carrying amount of available-for-sale financial assets would have been higher/lower by $196,000.

(h) Revenue recognition

The Company started to design and sell a line of furniture to a new customer during 2016. Revenue of $950,000 and profit of $665,000 are recognised on these sales.

The buyer has the right to rescind the sales if there is 5% dissatisfaction with the quality of the first 1,000 pieces of furniture sold to its customers. Based on past experience with similar sales, the Company has estimated that the dissatisfaction rate will not exceed 3% and as such, recognised the revenue on this transaction during 2016. If the sale is rescinded, the Company will recognise an estimated loss of $700,000 in its 2017 financial statements, $665,000 being the reversal of 2016 profits and $35,000 being the costs for returning the inventory to the warehouse.

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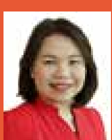

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