

Revised FRS 1

General

In this bulletin, we summarize the new requirements of the revised FRS 1, effective for annual periods beginning on or after 1 January 2009.

Objective Of The Revision

The key objective of the revision was to aggregate information in the financial statements by shared characteristics and separating items with different characteristics. As a result of this objective, under the new FRS 1, changes in net assets arising from transactions with owners in their capacity as owners are presented in the statement of equity and transactions arising from non-owner changes in equity are presented separately in other comprehensive income.

What Are The Key Changes

- The new FRS 1 introduces the concept of “Comprehensive Income”. Comprehensive income refers to:
 - a) Profit and loss which are basically the income and expenses arising from an entity’s operations; and
 - b) other comprehensive income which refers to income and expense that are recognised directly into equity.

The standard allows an entity to present income and expenses, mentioned above, either in one statement (a statement of comprehensive income) or in two statements (a separate income statement and a statement of comprehensive income). This statement has to be presented separately from owner changes in equity.

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- Previously, certain items of income and expenses that are non-owner changes in equity were recognised directly into the statement of equity. The revised standard prohibits an entity from presenting components of comprehensive income directly into equity. Instead these components are now presented in the statement of other comprehensive income. For example, a fair value adjustment for an available-for-sale asset will be adjusted under other comprehensive income.
- The revised standard also requires the income tax relating to each component of other comprehensive income to be disclosed. This is because tax rates may be different for each component and it would be useful to provide users with such tax information.
- Under the revised standard, adjustments for amounts reclassified from other comprehensive income to profit and loss should also be disclosed. Such adjustments are termed as reclassification adjustments.
- Dividends and the related amount per share are previously allowed to be disclosed under the income statement. The revised standard prohibit such disclosures in the statement of comprehensive income, and require such distributions to be recognised in the statement of changes in equity or notes so as to ensure that the owner changes in equity are presented separately from the non-owner changes in equity (presented under the statement of comprehensive income). Please refer to statement of changes in equity for an example of how dividends are disclosed.

Complete Set of Financial Statements

With the introduction of comprehensive income, a complete set of financial statements now comprises of:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;

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- (e) notes, comprising a summary of significant accounting policies and other explanatory information; and
- (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
- (g) for the purpose of computing earnings per share, there is no change in the way it is computed and earnings per share is still based on:
 - profit or loss from continuing operations attributable to a parent entity; and
 - profit or loss attributable to a parent entity.
- (h) The revised FRS 1 allows an entity to use titles for the statements other than those used in the Standard.

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Statement of comprehensive income (single statement approach)
Year ended 31 December 2009

	2009	2008
	\$'000	\$'000
<u>Continuing operations</u>		
Revenue	345,458	360,224
Cost of sales	(239,427)	(206,762)
Gross profit	106,031	153,462
Other income	8,673	5,654
Distribution expenses	(15,755)	(12,441)
Administrative expenses	(25,466)	(16,460)
Other expenses	(4,657)	(4,232)
Results from operating activities	68,826	125,983
Finance income	2,325	2,546
Finance expenses	(5,230)	(3,568)
Share of profit of associates, net of tax	1,135	1,233
Share of profit of joint ventures, net of tax	211	255
Profit before income tax	67,267	126,449
Income tax expense	(10,495)	(6,692)
Profit from continuing operations	56,772	119,757
<u>Discontinued operations</u>		
Profit from discontinued operations, net of tax	589	345
Profit for the year	57,361	120,102
<u>Other comprehensive income (after reclassification adjustments)</u>		
Surplus on revaluation of property, plant and equipment	5,673	4,545
Translation differences relating to financial statements of foreign subsidiaries	575	455
Exchange differences on monetary items forming part of net investment in a foreign operation	45	33
Exchange differences on hedge of net investment in a foreign operation	(77)	34
Cash flow hedges: net movement in hedging reserve	(79)	(134)
Available-for-sale financial assets: net movement in fair value reserve	100	838
Income tax relating to components of other comprehensive income	(1,315)	(1,514)
Other comprehensive income for the year, net of tax	4,922	4,257
Total comprehensive income for the year	62,283	124,359



Statement of comprehensive income (single statement approach)(Cont'd)
Year ended 31 December 2009

	2009	2008
	\$'000	\$'000
Profit attributable to:		
Owners of the Company	57,028	119,214
Minority interest	333	888
Profit for the year	<u>57,361</u>	<u>120,102</u>
Total comprehensive income attributable to:		
Owners of the Company	61,950	123,471
Minority interest	333	888
Total comprehensive income for the year	<u>62,283</u>	<u>124,359</u>
Earnings per share		
Basic earnings per share (cents)	22.03	37.55
Diluted earnings per share (cents)	22.01	36.20
Continuing operations		
Basic earnings per share (cents)	21.34	33.24
Diluted earnings per share (cents)	21.32	36.29



Income statement (two-statement approach)
Year ended 31 December 2009

	2009	2008
<u>Continuing operations</u>	\$'000	\$'000
Revenue	345,458	360,224
Cost of sales	(239,427)	(206,762)
Gross profit	106,031	153,462
Other income	8,673	5,654
Distribution expenses	(15,755)	(12,441)
Administrative expenses	(25,466)	(16,460)
Other expenses	(4,657)	(4,232)
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Basic earnings per share (cents)	22.03	37.55
Diluted earnings per share (cents)	22.01	36.21
 Continuing operations		
Basic earnings per share (cents)	21.34	33.24
Diluted earnings per share (cents)	21.32	36.29



Statement of comprehensive income (two-statement approach)
Year ended 31 December 2009

	2009	2008
	\$'000	\$'000
Profit for the year	57,361	120,102
<u>Other comprehensive income (after reclassification adjustments)</u>		
Surplus on revaluation of property, plant and equipment	5,673	4,545
Translation differences relating to financial statements of foreign subsidiaries	575	455
Exchange differences on monetary items forming part of net investment in a foreign operation	45	33
Exchange differences on hedge of net investment in a foreign operation	(77)	34
Cash flow hedges: net movement in hedging reserve	(79)	(134)
Available-for-sale financial assets: net movement in fair value reserve	100	838
Income tax relating to components of other comprehensive income	(1,315)	(1,514)
Other comprehensive income for the year, net of tax	4,922	4,257
Total comprehensive income for the year	62,283	124,359
Profit attributable to:		
Owners of the Company	61,950	123,471
Minority interest	333	888
Total comprehensive income for the year	62,283	124,359



Note xyz - Other comprehensive income

Tax effects relating to each component of OCI

	2009			2008		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
	\$'000	(expense)	\$'000	\$'000	(expense)	\$'000
		benefit			benefit	
		\$'000	\$'000		\$'000	\$'000
Surplus on revaluation of property, plant and equipment	5,673	(1,313)	4,360	4,545	(1,476)	3,069
Translation differences relating to financial statements of foreign subsidiaries	575	-	575	455	-	455
Exchange differences on monetary items forming part of net investment in a foreign operation	45	-	45	33	-	33
Exchange differences on hedge of net investment in a foreign operation	(77)	-	(77)	34	-	34
Cash flow hedges: net movement in hedging reserve	(79)	25	(54)	(134)	55	(79)
Available-for-sale financial assets: net movement in fair value reserve	100	(27)	73	838	(93)	745
Other comprehensive income	6,237	(1,315)	4,922	5,771	(1,514)	4,257



Consolidated statement of changes in equity

Year ended 31 December 2009

Group	Share capital \$'000	Reserve for own shares \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total \$'000	Minority interest \$'000	Total equity \$'000
At 1 January 2008	51,150	-	8,564	885	567	2,235	235	78,800	142,436	304	142,740
Changes in accounting policy	-	-	-	-	-	-	-	(550)	(550)	-	(550)
At 1 January 2008, restated	51,150	-	8,564	885	567	2,235	235	78,250	141,886	304	142,190
Changes in equity for 2008:											
Value of employee services received for issue of share options	-	-	-	-	-	-	785	-	785	-	785
Purchase of treasury shares	-	(7,800)	-	-	-	-	-	-	(7,800)	-	(7,800)
Final dividend paid	-	-	-	-	-	-	-	(899)	(899)	-	(899)
Interim dividend paid	-	-	-	-	-	-	-	(533)	(533)	-	(533)
Total comprehensive income for the year	-	-	3,069	522	(79)	745	-	119,214	123,471	888	124,359
At 31 December 2008	51,150	(7,800)	11,633	1,407	488	2,980	1,020	196,032	256,910	1,192	258,102



Consolidated statement of changes in equity (Cont'd)

Year ended 31 December 2009

Group	Share capital	Reserve for own shares	Revaluation reserve	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Share option reserve	Accumulated profits	Total	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Changes in equity for 2009:											
Issue of shares under share option scheme - exercise price	688	-	-	-	-	-	-	-	688	-	688
Value of employee services received for issue of share options	-	-	-	-	-	-	563	-	563	-	563
Purchase of treasury shares	-	(3,600)	-	-	-	-	-	-	(3,600)	-	(3,600)
Final dividend paid	-	-	-	-	-	-	-	(2,781)	(2,781)	-	(2,781)
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(222)	(222)
Total comprehensive income for the year	-	-	4,360	543	(54)	73	-	57,028	61,950	333	62,283
At 31 December 2009	51,838	(11,400)	15,993	1,950	434	3,053	1,583	250,279	313,730	1,303	315,033