

Revised Business Times CTI 2006 scorecard

CONTENT	MAX SCORE	ACTUAL SCORE
Completeness of information released (companies to be scored on sliding scale 0-none, 5/10 – detailed):		
Balance Sheet	5	
Profit and Loss Account	10	
Cash Flow Statement	5	
Statement of Changes in Equity	5	
Segmental breakdown (market, country, industry, product)	5	
Expenses breakdown (interest, directors' remuneration, auditors' fees, depreciation, staff costs)	5	
Detailed Explanation of results (material events, revenues, profits, margins, exceptional items, industry position, competitiveness)	10	
Future plans and prospects	5	
Details of borrowings, contingent liabilities, risks, provisions	10	
Maximum for Content	60	
CONTEXT		
Timeliness of release of results (mutually exclusive): - Results announced within 30 days - Results announced after 30 th day but before 60 th day: points are deducted from the maximum 15 points - Results announced on 60 th day - Results announced after 60 days	15 (max) Variable 3 0	
Means of dissemination	10	
Key management represented at results conference	5	
SGXNET announcement of release date	5	
Results announced/displayed on company's website	5	
Maximum for Context	40	
MAXIMUM OVERALL	100	

BUSINESS TIMES CORPORATE TRANSPARENCY INDEX

by Mak Yuen Teen and Penelope Phoon-Cohen¹

This round of the Business Times Corporate Transparency Index (BT CTI) marks the start of a collaboration between the Association of Chartered Certified Accountants (ACCA) and the Corporate Governance and Financial Reporting Centre (CGFRC) of the NUS Business School in enhancing and promoting the use of the CTI. The CTI rates Singapore-listed companies on the quality of their financial disclosures and the way they are presented. Companies score higher on the index when they provide information beyond the requirements specified in the listing requirements (content) and provide such information in a more timely, transparent and accessible manner to the market. As changes were made to the CTI methodology to improve its rigour and to incorporate additional items, the CTI scores for this round are not directly comparable to previous CTI scores and therefore we have not included the previous CTI scores for the companies in this edition.

METHODOLOGY

The CTI reviews, analyses and scores year-end financial reports filed with SGX, and associated documents, such as press releases, corporate fact sheets and presentations, against a scorecard which is split into two sections: “content” and “context”. The main source of information is that which is released via SGXNet and found on corporate websites. The “content” section assesses the quality and quantity of financial information provided. The “context” section scores the effectiveness of how the “content” is communicated to the market.

Changes were made to the scorecard in this round to improve the rigour of the scoring, which take into account certain changes in mandatory requirements, and to recognize certain emerging best practices in corporate transparency. However, the revised CTI scorecard retains all the components from the earlier version with a maximum score of 100, out of which 60 points are allocated to the content section and 40 points to the context section.

The revised scorecard continues to assess companies along two dimensions: mandatory and best practice disclosures. The mandatory disclosure requirements are sourced from Appendix 7.2 Financial Statements and Dividend Announcement of the SGX-ST Listing Manual. The best practice disclosures are based on the prevailing best practices among SGX-listed companies. For the content section, additional points are given to companies which disclosed information beyond the mandatory requirements. For the context section,

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companies are given more points for announcing the results early and for being more transparent in the dissemination of information.

Specific changes made to the scorecard

Content

- The **Statement of Changes in Equity** has been included in the scorecard as it is now a mandatory disclosure requirement. A maximum of 5 has been allocated for this component.
- The maximum score for **Segmental Breakdown** has been reduced from 10 to 5 to accommodate the introduction of the Statement of Changes in Equity component.

Context

- The revised scorecard is more precise in awarding points for the timeliness of releasing annual results and awards the maximum 15 points for companies which release their annual results within 30 days compared to 15 days in the previous scorecard. We believe that 30 days reflect a more realistic benchmark for best practice in terms of timeliness of annual announcements. Companies which announce on the last (60th) day permitted under the listing rules now only receive 3 points instead of 5. Between 30 and 60 days, a sliding scale is used to award points.

Revised Scorecard	
Results announced within 30 days from end of FY	15 points
Beyond the 30 th day, points are deducted from the maximum 15 points	<i>Variable</i>
Results announced on 60 th day from end of FY	3 points
Results announced after 60 days	0 point

- Under “**means of dissemination**”, companies are now given additional points for uploading their presentation slides or having webcasts of their briefings on their websites

- Under **SGXNET Announcement of release dates**, companies which include their financial calendar for next year (giving details of when quarterly and/or half-yearly results would be announced) in their annual reports or on their websites are given additional points for this section.

FUTURE CHANGES

We are currently reviewing further possible changes to the CTI for 2007 and beyond. Currently, the methodology that is used benchmarks disclosure practices of companies against local best practices. We are considering benchmarking these disclosure practices against international best practices in future, given Singapore's position as an international financial centre.

We are also considering incorporating interim reporting into the CTI from 2008, which will take into account the frequency of earnings announcements (i.e. half-yearly or quarterly) and timeliness of these announcements. Companies should note that their scores may change accordingly once these components have been incorporated.

In awarding points for "context", we have relied on our own research of company websites, public disclosures, emails and telephone calls to companies. Where we have not been able to obtain updated information in producing this edition of the CTI, we have used information on past practices (such as whether briefings are held for analysts and the media) and assumed that these practices remain. Periodically, we will contact companies to determine their current practices. If companies do not respond to these periodic enquiries to assist us to update their disclosure practices and we are unable to obtain independent confirmation, such as from our media partner Business Times, we will in future downgrade the scores of these companies.