

FORMAT FOR EXTERNAL AUDITOR'S STATEMENT

Report of Factual Findings

To:

Mr / Ms <Name>
<Designation>
<MATRIX Implementing Company>
<Street Address 1>
<Street Address 2>
<City>
<Country> <Postal Code>

We have performed the procedures in accordance with the Terms of Reference on the Statement of Achievements declared by _____ (name of company) (the "Company") for the period from _____ (date) to _____ (date) (the "Statement"). This is in connection with _____ (project name or description and reference number) under the _____ (name of incentive) of the Economic Development Board ("EDB") for the incentive period from _____ (date) to _____ (date). Our engagement was undertaken in accordance with the Singapore Standard on Related Services SSRS 4400 Engagements to Perform Agreed-upon Procedures Regarding Financial Information.

The procedures were performed solely for the purpose of the Company's submission of the aforementioned Statement of Achievements to EDB in accordance with the terms and conditions specified by the EDB in its Offer Letter dated _____ (and Supplemental Offer Letters dated _____) * (hereafter referred to as the "LOF").

We report our findings below:

Total Business Expenditure ("TBE") / Total Business Spending ("TBS") condition

- (a) With respect to Item 1 of the Terms of Reference, the TBE/TBS* declared as shown in the management supporting schedule(s) were accurately computed in accordance with the TBE/TBS* formula defined in the LOF.
- (b) With respect to Item 2 of the Terms of Reference, the amount(s) in the supporting schedule(s) in Item 1 of the Terms of Reference agreed with the amount(s) of TBE/TBS* declared in the Statement.
- (c) With respect to Item 3 of the Terms of Reference, the selected transactions from the supporting schedule(s) in Item 1 of the Terms of Reference:
 - (i) had occurred and pertained to the Company, and agreed to the appropriate source documents; and
 - (ii) pertained to expenditures which had been incurred during the one-year period ending on the condition due date stipulated in the LOF.

Fixed Asset Investment ("FAI") condition

- (d) With respect to Item 4 of the Terms of Reference, the FAI declared as shown in the management supporting schedule(s) were accurately computed in accordance with the FAI formula defined in the LOF.
- (e) With respect to Item 5 of the Terms of Reference, the amount(s) in the supporting schedule(s) in Item 4 of the Terms of Reference agreed with the amount(s) of FAI declared in the Statement.

* Delete whichever is not applicable based on the LOF

- (f) With respect to Item 6 of the Terms of Reference, the selected acquisitions or disposals from the supporting schedule(s) in Item 4 of the Terms of Reference:
- (i) had occurred and pertained to the Company and agreed to the appropriate source documents;
 - (ii) were recorded accurately in the supporting schedule(s) obtained in Item 4; and
 - (iii) pertained to transactions which had occurred as of the condition due date stipulated in the LOF.
- (g) With respect to Item 7 of the Terms of Reference, we had either a) physically sighted; or b) checked the supporting documents where physical sighting is not practical (e.g. supplier invoices, architects' certificates and completion certificates for leasehold improvements) of at least 20% of the fixed assets recorded in the FAI supporting schedule(s) in Item 4 of the Terms of Reference as part of the cumulative FAI balance declared in the Statement to check for existence [to indicate date of sighting].

Employment condition

- (h) With respect to Item 8 of the Terms of Reference, the number(s) of headcount in the management supporting schedule(s) agreed with the number(s) declared in the Statement.
- (i) With respect to Item 9(i) of the Terms of Reference, the selected employees were employed as of the condition due date stipulated in the LOF.
- (j) With respect to Item 9(ii) of the Terms of Reference, based on our inquiries with the relevant human resource personnel(s), we found the job titles of the selected employees matched with their job classifications shown in the supporting schedule(s) obtained in Item 8 of the Terms of Reference.
- (k) With respect to Item 9(iii) of the Terms of Reference, we obtained confirmation from the relevant human resource personnel(s) that (i) the selected employees were employed as of the condition due date stipulated in the LOF; (ii) the job titles of the selected employees matched the job classifications shown in the supporting schedule(s) obtained in Item 8 of the Terms of Reference and (iii) the selected employees were tax residents of Singapore during their period of employment in the period preceding the condition due date stipulated in the LOF.

Others

- (l) With respect to Item 10 of the Terms of Reference, there is no going concern matter included in the latest auditors' report on the financial statements of the Company for the latest financial year ended _____(date).

(Detail the exceptions if any)

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, we do not express any assurance on the Statement as at _____(date).

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and for your information, and is not to be used for any other purpose or to be distributed to parties other than the EDB. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Company, taken as a whole.

_____ (firm)
Public Accountants and
Chartered Accountants
Singapore

_____ (date)

Terms of Reference for Incentive Recipient's External Auditors

Total Business Expenditure ("TBE") / Total Business Spending ("TBS") condition¹

1. Obtain from management supporting schedule(s) for the amount of annual TBE/TBS declared and check the mathematical accuracy of the amounts in the supporting schedule(s) based on the TBE/TBS formula defined in the LOF.
2. Trace the amount(s) in the supporting schedule(s) in Item 1 to the amount of TBE/TBS declared in the Company's Statement.
3. Obtain appropriate source documents for TBE/TBS transactions comprising at least 20% of TBE/TBS, based on the supporting schedule(s) in Item 1 to check that:
 - i. The selected transactions in the supporting schedule(s) had occurred and pertained to the Company by agreeing the details (e.g. description and amounts) to the appropriate source documents (e.g. invoices from suppliers, payment records, etc); and
 - ii. The selected transactions were expenditures which had been incurred during the one-year period ending on the condition due date stipulated in the LOF.

Fixed Asset Investment ("FAI") condition^{2,3}

4. Obtain from management supporting schedule(s) for the amounts of cumulative and additional FAI incurred and check the mathematical accuracy of the amounts in the supporting schedule(s) based on the FAI formula defined in the LOF.
5. Trace the cumulative and additional FAI in the supporting schedule(s) in Item 4 to the amount of cumulative and additional FAI declared in the Company's Statement.
6. Obtain appropriate source documents for additional FAI transactions at cost (either acquisitions or disposals) comprising at least 20% of FAI, based on the supporting schedule(s) provided in Item 4 to check that:
 - i. The selected transactions in the supporting schedule(s) had occurred and pertained to the Company by agreeing the details (e.g. description and amounts) to the appropriate source documents (e.g. invoices from suppliers, payment records, etc);
 - ii. The amounts of selected FAI acquired or disposed were recorded accurately in the supporting schedule obtained in Item 4; and
 - iii. The selected FAI acquired or disposed were transactions which had occurred as of the condition due date stipulated in the LOF.
7. Check that at least 20% of the fixed assets, recorded in the FAI supporting schedule(s) as part of the cumulative FAI balance declared in the Statement exist by either a) physically sighting; or b) checking to supporting documents (e.g. supplier invoices, architects' certificates and completion certificates for leasehold improvements) where physical sighting is not practical.

¹ An entity is defined to be "outside Singapore" if its registered address is not in Singapore and includes an entity that is registered in Singapore which is dormant or a shell entity. Where the Company is able to demonstrate that expenses related to outside Singapore which would otherwise be excluded from TBE/TBS were incurred for activities conducted in Singapore, such expenses shall be included in TBE/TBS.

² "Additional FAI" is the amount (at cost) incurred during the period between the start of the incentive period and the milestone date specified in the Letter of Offer (LOF). It should be net of disposals.

³ "Cumulative" FAI refers to the amount of FAI (at cost) incurred as at the milestone date specified. It should include both additional FAI and the amount incurred before the start of the incentive period. It should be net of disposals.

Employment condition⁴

8. Obtain from management supporting schedule(s) for number of headcount employed according to the various job classifications (where applicable) as defined in the LOF and trace the total in the supporting schedule(s) with number of headcount declared in the Company's Statement.
9. For a sample of at least 20% of the number of headcount declared to be based in Singapore:
 - i. Obtain the appropriate source documents (e.g. employment letters/contracts, and employee files) and check that they were employed as of the condition due date stipulated in the LOF.
 - ii. Perform inquiries with the human resource department of the company to check that the job titles of the selected employees match the job classifications shown in the supporting schedule(s) obtained in Item 8; and
 - iii. Obtain confirmation from the human resource department of the company that (i) the selected employees were employed as of the condition due date stipulated in the LOF (ii) the job titles of the selected employees match the job classifications shown in the supporting schedule(s) obtained in Item 8 and (iii) the selected employees were tax residents of Singapore during their period of employment in the period preceding the condition due date stipulated in the LOF.

Others

10. The auditors shall highlight any going concern issues raised in the latest auditors' report on the financial statements of the Company and indicate the financial year of the latest auditors' report referred to.

⁴ An employee is considered to be based in Singapore if the individual is a tax resident of Singapore, based on definition in the Income Tax Act.