

2004 Asia-Pacific Corporate Disclosure Survey
Executive Summary
Singapore

The total number invited to participate in the survey was 2233, with a response rate of 5.42%, or 121 respondents. The total number of respondents whose professional activities, now or in the past year, include analyzing the financial statements and other financial reports of publicly held companies was 157 (7.03%).

Respondents were asked to consider the companies they usually analyze and use a five-point rating scale (from “1”=lowest to “5”=highest) to rate sources of corporate information for its (a) **importance** to their analysis and its (b) **quality** across the publicly traded companies that they follow. The results can be found in the following tables.

Respondents rated the following sources of corporate information as most important:

Cash Flow Statement-70% ranked it “5” (most important).

Income or Profit and Loss Statement-64% ranked it a “5.”

Balance Sheet or Statement of Financial position-62% ranked it “5.”

Footnote Disclosures to the Financial Statements -59% ranked it a “5.”

News Releases about Earnings and Other Financial Information-48% ranked it “5.”

When considering all the available corporate information sources and disclosure practices that respondents were asked to rank, 2% of respondents rated the overall quality of financial or corporate information disclosed by the publicly traded companies that they follow with a letter grade of “A” (Excellent). 36% responded with Good (grade of “B”), 56% responded with Average (grade of “C”), and 6% responded with Below Average (grade of “D”). No one rated the quality of information as poor (or failing, a grade of “F”).

73% of respondents noted that over the past three years, the overall quality of corporate information disclosed by most of the publicly traded companies that they follow had improved some. 7% said it had improved a lot while 19% thought it had remained about the same. In general, quality of corporate information still needs improvement. No source of information received a “5” in quality by more than 25% of respondents.

When asked to agree or disagree with the following statement: corporate issuance of comprehensive quarterly financial reports is a global best practice that should be emulated by public companies in Asia and the Pacific region, 34% strongly agreed, 44% somewhat agreed, 9% neither agreed nor disagreed, 8% somewhat disagreed, and 4% strongly disagreed.

25% strongly agreed (38% somewhat agreed, 20% neither agreed nor disagreed, 10% somewhat disagreed, and 7% strongly disagreed) that regulators around the world should make it mandatory for the public companies to issue comprehensive quarterly financial reports.

Respondents were then asked to what extent companies’ disclosure practices and quality of their financial statements are a factor in their investment/financial recommendations, decisions, or actions. 35% said they are an extremely important factor, 43% said they are a very important factor, and 20% said they are a somewhat important factor. To the extent that company corporate governance practices is a factor in their investment/financial recommendations, decisions, or actions, 33% of respondents indicated it was extremely important, 42% very important, 23% somewhat important, and 3% not very important.

Selected written comments from respondents:

- Most Asian companies I work with remain very much the 'emerging market' type. Minority rights are viewed as intrusive. Disclosure is an alien concept.
- The Asia-Pacific region covers numerous regions ranging from economies with highly developed systems like Singapore, Australia and HK to relatively less developed economies like PRC, Indonesia, etc. Relatively speaking, in comparison to US or the UK, corporate information and disclosure tend to be less refined, less timely and more ridden with inaccuracies in this part of the world. This is made worse by the fact that there are few industry bulletins, 3P information collators or reliable government statistics which could at least provide corroborative evidence or third party comfort toward data accuracies. Nonetheless, the 1997 crisis and recent government initiatives have seen improvement in data quality and the move towards accounting harmonization is likely to drive the advancement further.