



A company of ST Engineering

Singapore Technologies
Marine Ltd

Main Yard

7 Benoi Road

Singapore 629882

Tel : (65) 6861 2244

Fax : (65) 6861 3028

<http://www.stengg.com>

(Regn. No.: 196800180M)

Tuas Yard

60 Tuas Road

Singapore 638501

Tel : (65) 6862 2902/3

Fax : (65) 6862 5382

13 March 2012

Mr Hans Hoogervorst
Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M, 6XH
United Kingdom

Dear Sirs

Exposure Draft ED/2011/6 Revenue from Contracts with Customers

1. Thank you for providing us the opportunity to comment on the Revised Exposure Draft Revenue from Contracts with Customers (the "ED")
2. Singapore Technologies Marine Ltd (ST Marine), the marine arm of ST Engineering, provides turnkey building, repair and conversion services for a spectrum of naval and commercial vessels. The revised ED will have an impact on the way ST Marine recognizes revenue from its shipbuilding contracts. Currently, ST Marine recognizes revenue from its contracts using the percentage of completion method.
3. In this regard, we would like to provide our feedback specifically to question 1 and 2 of the ED.
4. Clause 36 states that "For example, an asset would have an alternative use to an entity if the asset is largely interchangeable with other assets that the entity could transfer to the customer without breaching the contract and without incurring significant costs...". In the shipbuilding industry, there may be instances where entity could be having contracts with different customers to build the same type of vessels, we interpret that such vessels are not interchangeable between the different customers, as the contracts with each customers have different timeline for deliveries and acceptance of vessel are performed on each specific vessel at different stages of completion. It is also not clear what is meant by significant cost as cost in relation to contracts could vary significantly between contracts, should it be a percentage of the contract price?
5. ST Marine records receivables that are accessed to be uncollectible because of customer's credit risk as operating cost. Presenting such receivables as a separate line item adjacent to the revenue line item will result in mismatch when the revenue has been recognized in the prior year(s), but impairment is made the current year.
6. In addition, and with reference to Paragraph 118 (b) relating to disclosures on performance obligation, we would like to highlight that the disclosure of significant payment terms with customers is commercial-sensitive information which most entities would prefer not to divulge.

Yours faithfully

Ms Cecilia Tham
VP (Finance)

