

# **Global Environment Centre**

Company No: 473058-T

(Incorporated in Malaysia and Limited by Guarantee)

## **Reports and financial statements for the year ended 31 December 2010**

**SSY PARTNERS**  
Chartered Accountants

**NEXIA**  
INTERNATIONAL

## **Global Environment Centre**

(Incorporated in Malaysia and Limited by Guarantee)

### **Reports and financial statements for the year ended 31 December 2010**

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## **Global Environment Centre**

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### **Board Members' Report for the year ended 31 December 2010**

The Board Members hereby submit their report together with the audited financial statements of the Centre for the financial year ended 31 December 2010.

#### **Principal activities**

The Centre is established to receive and administer funds for charitable, educational scientific and research purposes, all for the well being of humankind and other inhabitants of the globe and not conducted primarily for profit. The main objectives include the promotion and support activities relating to the protection of the global environment, organising workshops, creating awareness, providing training, facilitating projects and preparing projects and policy papers thereto. There have been no significant changes in the nature of these activities during the financial year.

#### **Financial results**

	RM
Surplus for the year	<u>14,431</u>

#### **Reserves and provisions**

There were no material transfers to or from reserves or provisions during the financial year.

#### **Board Members**

The Board Members who served since the date of the last report and at the date of this report are:

Zainudin bin Ismail  
Mohd Ali bin Hashim

They are also the members of the Centre.

#### **Board Members' benefits**

Since the end of the previous financial year, no Board Member has received or become entitled to receive a benefit by reason of a contract made by the Centre, or with a company of which the Board Member is a partner or with a company in which the Board Member has a substantial financial interest.

## **Global Environment Centre**

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### **Board Members' benefits (continued)**

Neither during nor at the end of the financial year was the Centre a party to any arrangement whose object was to enable the Board Members to acquire benefits by means of the acquisition of shares in, or debentures of, the Centre or any other body corporate.

### **Other statutory information**

Before the financial statements of the Centre were made out, the Board Members took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

At the date of this report, the Board Members are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Centre inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Centre misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Centre misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Board Members, would substantially affect the results of the operations of the Centre for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of the Centre which secures the liability of any other person nor has any contingent liability arisen in the Centre.

No contingent or other liability of the Centre has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Board Members, will or may affect the ability of the Centre to meet its obligations when they fall due.

## **Global Environment Centre**

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### **Other statutory information (continued)**

At the date of this report, the Board Members are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

### **Auditors**

The auditors, Messrs SSY Partners, have indicated their willingness to continue in office.

Signed by the Board Members in accordance with a resolution of the Board dated 29 DEC 2011



**Zainudin bin Ismail**  
Board Member



**Mohd Ali bin Hashim**  
Board Member

Subang Jaya

## Global Environment Centre

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### Statement by Board Members

#### Pursuant to Section 169(15) of the Companies Act, 1965

We, Zainudin bin Ismail and Mohd Ali bin Hashim, being the Board Members of Global Environment Centre, do hereby state that, in our opinion, the accompanying financial statements set out on pages 7 to are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Centre as at 31 December 2010 and of its financial performance and cash flows for the year then ended.

Signed by the Board Members in accordance with a resolution of the Board dated 29 DEC 2011



Zainudin bin Ismail  
Board Member



Mohd Ali bin Hashim  
Board Member

Subang Jaya

### Statutory Declaration

#### Pursuant to Section 169(16) of the Companies Act, 1965

I, Faizal Parish bin Abdullah, being the officer primarily responsible for the financial management of Global Environment Centre, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Faizal Parish bin Abdullah  
at Puchong in the state of Selangor  
on

29 DEC 2011



Faizal Parish bin Abdullah

Before me,



No. 115B (2nd Floor),  
Jalan Kenari 23,  
Bandar Puchong Jaya,  
47100 Puchong, Selangor.

## Independent Auditors' Report to the Members of Global Environment Centre

(Company No: 473058-T)

(Incorporated in Malaysia and Limited by Guarantee)

### Report on the Financial Statements

We have audited the financial statements of Global Environment Centre, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 26.

#### *Board Members' Responsibility for the Financial Statements*

The Board Members of the Centre are responsible for the preparation of financial statements that give a true and fair view in accordance with the Companies Act 1965 and Financial Reporting Standards issued by the Malaysian Accounting Standards Board and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Centre's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independent Auditors' Report to the Members of Global Environment Centre (continued)**

(Company No: 473058-T)

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### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act 1965 and Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Centre as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Centre have been properly kept in accordance with the provisions of the Act.

### **Other Matters**

This report is made solely to the Members of the Centre, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**SSY Partners**

AF: 0040

Chartered Accountants

Subang Jaya

29 DEC 2011



**Gary Yong Yoon Shing**

No. 633/03/13 (J/PH)

Partner



# Global Environment Centre

(Incorporated in Malaysia and Limited by Guarantee)

## Statement of Financial Position as at 31 December 2010

	Note	2010 RM	2009 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	6	186,220	147,273
<b>Current assets</b>			
Project grants receivables		1,096,680	946,741
Other receivables and deposits	7	39,031	203,222
Cash and bank balances		1,998,602	133,605
		3,134,313	1,283,568
<b>TOTAL ASSETS</b>		<b>3,320,533</b>	<b>1,430,841</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated fund		1,164,883	1,150,452
<b>TOTAL EQUITY</b>		<b>1,164,883</b>	<b>1,150,452</b>
<b>Non-current liabilities</b>			
Finance lease payable	8	59,448	-
<b>Current liabilities</b>			
Project grants pending		2,016,089	228,881
Other payables and accruals	9	65,988	51,508
Finance lease payable	8	14,125	-
		2,096,202	280,389
<b>TOTAL LIABILITIES</b>		<b>2,155,650</b>	<b>280,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,320,533</b>	<b>1,430,841</b>

The accompanying notes form an integral part of these financial statements.

## Global Environment Centre

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### Statement of Comprehensive Income for the year ended 31 December 2010

	Note	2010 RM	2009 RM
Revenue		3,178,933	3,169,597
Other operating income		3,394	54,024
Administrative expenses		(3,167,896)	(3,070,258)
Project write off costs		-	(105,790)
Surplus before taxation	10	14,431	47,573
Taxation	11	-	-
Surplus for the year		14,431	47,573

The accompanying notes form an integral part of these financial statements.

## **Global Environment Centre**

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### **Statement of Changes in Equity for the year ended 31 December 2010**

	Accumulated fund RM
At 1 January 2010	1,150,452
Surplus for the year	<u>14,431</u>
At 31 December 2010	<u><u>1,164,883</u></u>
At 1 January 2009	1,102,879
Surplus for the year	<u>47,573</u>
At 31 December 2009	<u><u>1,150,452</u></u>

The accompanying notes form an integral part of these financial statements.

**Global Environment Centre**

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**Statement of Cash Flows  
for the year ended 31 December 2010**

	2010 RM	2009 RM
<b>Cash flows from operating activities</b>		
Profit before taxation	14,431	47,573
Adjustments for:		
Depreciation of plant and equipment	49,730	61,685
Finance lease interest	300	45
Gain on disposal of plant and equipment	(4,592)	-
Operating profit before working capital changes	59,869	109,303
Increase in project grants receivables	(149,939)	(57,742)
Decrease/(increase) in other receivables and deposits	164,191	(133,920)
Increase/(decrease) in project grants pending	1,787,208	(370,947)
Increase in other payables and accruals	14,480	2,440
Net cash generated from/(used in) operating activities	1,875,809	(450,866)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(29,805)	(55,647)
Proceeds from disposal of plant and equipment	20,720	-
Net cash used in investing activities	(9,085)	(55,647)
<b>Cash flows from financing activities</b>		
Finance lease interest	(300)	(45)
Repayment of hire purchase payable	(1,427)	(4,544)
Net cash used in financing activities	(1,727)	(4,589)
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,864,997	(511,102)
Cash and cash equivalents at beginning of the year	133,605	644,707
<b>Cash and cash equivalents at end of the year</b>	1,998,602	133,605
<b>Cash and cash equivalents comprise:</b>		
Cash in hand	3,000	3,000
Cash at bank	1,995,602	130,605
	1,998,602	133,605

The accompanying notes form an integral part of these financial statements.

## **Global Environment Centre**

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### **Notes to the Financial Statements for the year ended 31 December 2010**

#### **1. Corporate information**

The Centre is a private company limited by guarantee, incorporated and domiciled in Malaysia.

The registered office of the Centre is located at Level 6, Menara Uni.Asia, 1008, Jalan Sultan Ismail, 50350 Kuala Lumpur.

The principal place of business of the Centre is located at 2nd Floor, Wisma Hing, No. 76-78, Jalan SS 2/72, 47300 Petaling Jaya, Selangor.

The Centre is established to receive and administer funds for charitable, educational scientific and research purposes, all for the well being of humankind and other inhabitants of the globe and not conducted primarily for profit. The main objectives include the promotion and support activities relating to the protection of the global environment, organising workshops, creating awareness, providing training, facilitating projects and preparing projects and policy papers thereto. There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Centre at the end of the financial year was 20 (2009: 12).

The financial statements were authorised for issue by the Board in accordance with a resolution of the Board Members on

#### **2. Basis of preparation of the financial statements**

The financial statements comply with the Companies Act, 1965 and the applicable Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

The financial statements of the Centre have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with the Companies Act, 1965 and the applicable Financial Reporting Standards issued by the Malaysian Accounting Standards Board requires the Board Members to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

## Global Environment Centre

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### 3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

#### (a) Plant and equipment, and depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Centre and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of other plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computers	20%
Motor vehicle	20%
Office equipment	15%
Furniture and fittings	15%
Field equipment	15%
Office renovation	30%

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (b) Project grants receivables

Project grants receivables represent grants pledged by various organisations and are recognised and carried at original invoiced amount.

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### **3. Significant accounting policies (continued)**

#### **(c) Project grants pending**

Project grants pending are in respect of grants received pending on disbursements of approved project expenditure according to the terms and conditions of the grants.

#### **(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **(e) Payables**

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

#### **(f) Provision for liabilities**

Provision for liabilities are recognised when the Centre has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### **(g) Employee benefits**

##### **i Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Centre. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### **ii Defined contribution plan**

As required by law, the Centre makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

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### **3. Significant accounting policies (continued)**

#### **(h) Revenue recognition**

Revenue of the Centre represents grants received and services rendered and other income is recognised on cash receipt basis.

#### **(i) Foreign currencies**

##### **Foreign currency transactions**

In preparing the financial statements of the Centre, transactions in currencies other than the Centre's reporting currency are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Centre's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Centre's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Centre's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Centre's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Centre's financial statements or the individual financial statements of the foreign operation, as appropriate.



## **Global Environment Centre**

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### **3. Significant accounting policies (continued)**

#### **(i) Foreign currencies (continued)**

##### **Foreign currency transactions (continued)**

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### **(j) Impairment of assets**

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset for the prior years. A reversal of impairment loss for an asset is recognised in the income statement.

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### **3. Significant accounting policies (continued)**

#### **(k) Financial Instruments**

Financial instruments carried on the balance sheet include cash and bank balances, receivables and payables. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### **(l) Leases**

Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payment, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Centre's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reduction of the outstanding liabilities. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with the depreciation for plant and equipment as described in Note 3(a).

## Global Environment Centre

(Incorporated in Malaysia and Limited by Guarantee)

### 4. Adoption of new and revised FRSs

#### 4.1 New and revised FRSs adopted during the financial year

During the financial year, the Company has adopted the following new and revised Financial Reporting Standards, Interpretation and amendments to certain Standards and Interpretations (collectively referred to as 'FRSs') issued by the Malaysian Accounting Standards Board ("MASB"), which are effective for the financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (revised May 2009)
Amendments to FRS 2	Share-based Payment Vesting Conditions and Cancellations (revised May 2009)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations (revised September 2009)
Amendments to FRS 7	Financial Instruments: Disclosures (revised September 2009)
Amendments to FRS 8	Operating Segments (revised September 2009)
Amendments to FRS 107	Statement of Cash Flows (revised September 2009)
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (revised September 2009)
Amendments to FRS 110	Events After the Reporting Period (revised September 2009)
Amendments to FRS 116	Property, Plant and Equipment (revised September 2009)
Amendments to FRS 117	Leases (revised September 2009)
Amendments to FRS 118	Revenue (revised September 2009)
Amendments to FRS 119	Employee Benefits (revised September 2009)
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance (revised November 2009)
Amendments to FRS 123	Borrowing Costs (revised September 2009)

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### 4. Adoption of new and revised FRSs (continued)

Amendments to FRS 127	Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (revised September 2009)
Amendments to FRS 127	Consolidated and Separate Financial Statements (revised September 2009)
Amendments to FRS 128	Investments in Associates (revised September 2009)
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies (revised September 2009)
Amendments to FRS 131	Interests in Joint Ventures (revised September 2009)
Amendments to FRS 132	Financial Instruments: Presentation (revised March 2010)
Amendments to FRS 134	Interim Financial Reporting (revised September 2009)
Amendments to FRS 138	Intangible Assets (revised September 2009)
Amendments to FRS 140	Investment Property (revised September 2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives (revised September 2009)

#### 4.2 FRSs that have been issued but are not yet effective

The Company has not early adopted the following FRSs that have been issued by the MASB but are not yet effective and have no significant impact on the Company.

FRS 3	Business Combinations
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (revised January 2010)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (revised March 2010)
Amendments to FRS 1	Additional Exemptions for First-time Adopters (revised July 2010)

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### 4. Adoption of new and revised FRSs (continued)

#### 4.2 FRSs that have been issued but are not yet effective (continued)

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards (revised November 2010)
Amendments to FRS 2	Share-based Payment (revised January 2010)
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions (revised July 2010)
Amendments to FRS 3	Business Combinations (revised November 2010)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations (revised January 2010)
Amendments to FRS 7	Improving Disclosures about Financial Instruments (revised March 2010)
Amendments to FRS 7	Financial Instruments: Disclosures (revised November 2010)
Amendments to FRS 101	Presentation of Financial Statements (revised November 2010)
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates (revised November 2010)
Amendments to FRS 124*	Related Party Disclosures (revised November 2010)
Amendments to FRS 127	Consolidated and Separate Financial Statements (revised January 2010)
Amendments to FRS 128	Investments in Associates (revised November 2010)
Amendments to FRS 131	Interests in Joint Ventures (revised November 2010)
Amendments to FRS 132	Financial Instruments: Presentation (revised November 2010)
Amendments to FRS 134	Interim Financial Reporting (revised November 2010)
Amendments to FRS 138	Intangible Assets (revised January 2010)
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (revised November 2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15*	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives (revised January 2010)
Amendments to IC Interpretation 13	Customer Loyalty Programmes (revised November 2010)

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### 4. Adoption of new and revised FRSs (continued)

#### 4.2 FRSs that have been issued but are not yet effective (continued)

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement (revised November 2010)
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate (revised August 2010)

The new FRSs will be applicable to the Company for annual period beginning on or after 1 January 2011 except for those marked “\*” will be applicable for annual period beginning on or after 1 January 2012.

At the date the financial statements are authorised for issue, the impact of the adoption of these FRSs is yet to be reasonably estimated. The impact on the adoption of new accounting policies is not disclosed, except for the following:

#### FRS 101 Presentation of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.



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### 4. Adoption of new and revised FRSs (continued)

#### 4.2 FRSs that have been issued but are not yet effective (continued)

The revised FRS 101 was adopted retrospectively by the Company.

##### FRS 7

##### Financial Instruments: Disclosures

FRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2010). FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosure about credit risks, liquidity risk, interest rate risk, foreign currency exchange risk and market risk. The Company has applied FRS 7 prospectively in accordance with the transitional provision, hence the new disclosures have not been applied to the comparatives. The new disclosures are included in the Company's financial statements for the financial year ended 31 March 2011.

### 5. Significant accounting estimates

#### Key Sources of Estimation Uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Centre's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Depreciation of plant and equipment

The cost of plant and equipment are depreciated on straight-line basis over their useful lives. Board Members estimates the useful lives of the plant and equipment as stated in Note 3(a). These are common life expectancies applied in the industries. Change in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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### 6. Plant and equipment

	Computers RM	Motor vehicle RM	Office equipment RM	Furniture and fittings RM	Field equipment RM	Office renovation RM	Total RM
<b>Carrying amount</b>							
At 1 January 2009	65,274	16,128	12,096	8,841	44,930	4	147,273
Additions	27,707	75,000	1,304	643	150	-	104,805
Disposal	-	(16,128)	-	-	-	-	(16,128)
Depreciation charge	(32,465)	-	(5,079)	(3,086)	(9,099)	-	(49,729)
At 31 December 2010	60,516	75,000	8,321	6,398	35,981	4	186,220
<b>At 31 December 2010</b>							
Cost	336,702	153,849	44,636	36,261	66,043	13,690	651,181
Accumulated depreciation	(276,186)	(78,849)	(36,315)	(29,863)	(30,062)	(13,686)	(464,961)
Carrying amount	60,516	75,000	8,321	6,398	35,981	4	186,220
<b>Carrying amount</b>							
At 1 January 2009	68,076	20,160	15,329	9,255	40,487	4	153,311
Additions	35,641	-	2,638	4,103	13,265	-	55,647
Depreciation charge	(38,443)	(4,032)	(5,871)	(4,517)	(8,822)	-	(61,685)
At 31 December 2009	65,274	16,128	12,096	8,841	44,930	4	147,273
<b>At 31 December 2009</b>							
Cost	308,995	94,977	43,332	35,617	65,893	13,690	562,504
Accumulated depreciation	(243,721)	(78,849)	(31,236)	(26,776)	(20,963)	(13,686)	(415,231)
Carrying amount	65,274	16,128	12,096	8,841	44,930	4	147,273



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### 7. Other receivables

	2010 RM	2009 RM
Deposits	16,675	16,675
Sundry receivables	22,356	186,547
	<u>39,031</u>	<u>203,222</u>

### 8. Finance lease payables

	2010 RM	2009 RM
Finance lease liabilities		
- not later than 1 year	17,124	-
- later than 1 year and not later than 2 years	34,248	-
- later than 2 years and not later than 5 years	32,814	-
	<u>84,186</u>	<u>-</u>
Future finance charges on finance lease	(10,612)	-
Present value of finance lease liabilities	<u>73,573</u>	<u>-</u>
Present value of finance lease liabilities		
- not later than 1 year	14,125	-
- later than 1 year and not later than 2 years	30,313	-
- later than 2 years and not later than 5 years	29,135	-
	<u>73,573</u>	<u>-</u>

The interest rates of finance lease was 2.83% per annum.

### 9. Other payables and accruals

	2010 RM	2009 RM
Accruals	8,419	8,419
Sundry payables	57,569	43,089
	<u>65,988</u>	<u>51,508</u>

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### 10. Surplus before taxation

	2010 RM	2009 RM
<b>Surplus before taxation is arrived at after charging:</b>		
Staff costs		
- Salaries	1,177,545	1,025,682
- Allowances	36,575	36,454
- Temporary staff costs	-	1,050
- Employees Provident Fund	141,793	131,148
- Social security costs	10,001	8,667
- Medical costs	18,634	18,301
- Staff welfare training	28,797	24,764
Depreciation of plant and equipment	49,729	61,685
Rental	58,800	58,800
Auditors' remuneration	3,800	3,800
Finance lease interest	300	45
<b>and crediting:</b>		
Realised foreign exchange gain	-	12,511

### 11. Taxation

Taxation has not been provided for the Centre's surplus because the Centre has been approved for tax exemption under Section 44(6) of the Income Tax Act, 1967 effective from the year of assessment 2007. Application has been made to the Inland Revenue Board for tax exemption for the earlier years.

### 12. Financial risk management policies

The Centre's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Centre's businesses whilst managing its risks. The Board Members review and agree policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Centre's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Centre and the policy in respect of the major areas of treasury activity are set out as follows:

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### **12. Financial risk management policies**

#### **(i) Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Centre has no significant interest-bearing financial assets, the Centre's income and operating cash flows are substantially independent of changes in market interest rates. The Centre's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Centre's interest rate risk arises primarily from interest-bearing borrowings. The Centre's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

#### **(ii) Liquidity Risk**

The Centre manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Centre maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Centre strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Centre raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### **(iii) Foreign Currency Risk**

The Centre is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD) and European Dollars (EURO). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Centre maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

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### **13. Fair values of the financial instruments**

The fair values of the financial instruments of the Centre as at 31 December 2010 are not materially different from their carrying values.