Global Environment Centre

Company No: 473058-T
(Incorporated in Malaysia and Limited by Guarantee)

Reports and financial statements for the year ended 31 December 2011

SSY PARTNERS
Chartered Accountants

NEXIA
INTERNATIONAL

Company No: 473058-T

Global Environment Centre

(Incorporated in Malaysia and Limited by Guarantee)

Reports and financial statements for the year ended 31 December 2011

Contents

Global Environment Centre

(Incorporated in Malaysia and Limited by Guarantee)

Board Members' Report for the year ended 31 December 2011

The Board Members hereby submit their report together with the audited financial statements of the Centre for the financial year ended 31 December 2011.

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	135,082

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 received 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 to which they might be expected so 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 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; or

(d) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

In the opinion of the Board Members:

(a) the results of the Centre's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) 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 will or may affect the ability of the Centre to meet its obligations when they fall due.

Global Environment Centre
(Incorporated in Malaysia and Limited by Guarantee)

Other statutory information (continued)

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 Directors, would affect substantially the results of the operations of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Company which secures the liability of any other person nor has any contingent liability arisen in the Company.

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 3 DEC 2012

Zainudin bin Ismail
Board Member

Mohd Ali bin Hashim
Board Member

Subang Jaya

Company No: 473058-T

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 25 are 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 at 31 December 2011 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 - 3 DEC 2012

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 25 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 3 DEC 2012

Faizal Parish bin Abdullah

Before me,

PESURUHJAYA SUMPAH
No: B
Nama:
MALAYSIA
No. 11 (2nd Floor),
Jalan 23,
Bandar Puchong Jaya,
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 2011, 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 25.

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 Board Members 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 about 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.

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

(Company No: 473058-T)
(Incorporated in Malaysia and Limited by Guarantee)

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 2011 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

Gary Yong Yoon Shing
No. 633/03/13 (J/PH)
Partner

Subang Jaya
3 DEC 2012

Global Environment Centre
(Incorporated in Malaysia and Limited by Guarantee)

Statement of Financial Position as at 31 December 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Plant and equipment	6	**179,862**	186,220
Current assets			
Project grants receivables	7	**758,250**	1,096,680
Other receivables and deposits	8	**50,722**	39,031
Cash and bank balances		**1,864,838**	1,998,602
		2,673,810	3,134,313
TOTAL ASSETS		**2,853,672**	3,320,533
EQUITY AND LIABILITIES			
Reserves			
Accumulated fund		**1,299,965**	1,164,883
TOTAL EQUITY		**1,299,965**	1,164,883
Non-current liabilities			
Finance lease payable	9	**45,624**	59,448
Current liabilities			
Project grants pending	10	**1,421,216**	2,016,089
Other payables and accruals	11	**72,742**	65,988
Finance lease payable	9	**14,125**	14,125
		1,508,083	2,096,202
TOTAL LIABILITIES		**1,553,707**	2,155,650
TOTAL EQUITY AND LIABILITIES		**2,853,672**	3,320,533

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

Global Environment Centre
(Incorporated in Malaysia and Limited by Guarantee)

Statement of Comprehensive Income for the year ended 31 December 2011

	Note	2011 RM	2010 RM
Revenue		**4,081,992**	3,178,933
Other operating income		**74,890**	3,394
Operating expenses		**(4,021,800)**	(3,167,896)
Surplus before taxation	12	**135,082**	14,431
Taxation	13	-	-
Surplus for the year		**135,082**	14,431

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

Global Environment Centre
(Incorporated in Malaysia and Limited by Guarantee)

Statement of Changes in Equity for the year ended 31 December 2011

	Accumulated fund RM
At 1 January 2011	**1,164,883**
Surplus for the year	**135,082**
At 31 December 2011	**1,299,965**
At 1 January 2010	1,150,452
Surplus for the year	14,431
At 31 December 2010	1,164,883

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

Global Environment Centre

(Incorporated in Malaysia and Limited by Guarantee)

Statement of Cash Flows for the year ended 31 December 2011

	2011 RM	2010 RM
Cash flows from operating activities		
Surplus before taxation	135,082	14,431
Adjustments for:		
Depreciation of plant and equipment	52,673	49,730
Finance lease interest	3,300	300
Gain on disposal of plant and equipment	-	(4,592)
Operating surplus before working capital changes	191,055	59,869
Decrease/(increase) in project grants receivables	338,430	(149,939)
(Increase)/decrease in other receivables and deposits	(11,691)	164,191
(Decrease)/increase in project grants pending	(594,873)	1,787,208
Increase in other payables and accruals	6,754	14,480
Net cash (used in)/generated from operating activities	(70,325)	1,875,809
Cash flows from investing activities		
Purchase of plant and equipment	(46,315)	(29,805)
Proceeds from disposal of plant and equipment	-	20,720
Net cash used in investing activities	(46,315)	(9,085)
Cash flows from financing activities		
Finance lease interest	(3,300)	(300)
Repayment of hire purchase payable	(13,824)	(1,427)
Net cash used in financing activities	(17,124)	(1,727)
Net (decrease)/increase in cash and cash equivalents	(133,764)	1,864,997
Cash and cash equivalents at beginning of the year	1,998,602	133,605
Cash and cash equivalents at end of the year	1,864,838	1,998,602
Cash and cash equivalents comprise:		
Cash in hand	3,000	3,000
Cash at bank	1,861,838	1,995,602
	1,864,838	1,998,602

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

Global Environment Centre

(Incorporated in Malaysia and Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 2011

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 (2010: 20).

The financial statements were authorised for issue by the Board in accordance with a resolution of the Board Members on – 3 DEC 2012

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).

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.

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 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.

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.

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.

	2011	2010
	RM	RM
1 European Dollar (EURO)	**4.1118**	4.0804
1 US Dollar (USD)	**3.1770**	3.0835

(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.

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 Centre 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 hire purchase or 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).

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4. Changes in accounting policies

During the financial year, the Centre has adopted the following new and revised Financial Reporting Standards, Interpretations 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 2011:

FRS 1:	First-time Adoption of Financial Reporting Standards
FRS 3:	Business Combinations
FRS 127:	Consolidated and Separate Financial Statements
Amendments to FRS 1:	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1:	Additional Exemptions for First-time Adopters
Amendments to FRS 2:	Share-based Payment
Amendments to FRS 2:	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3:	Business Combinations
Amendments to FRS 5:	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7:	Improving Disclosures about Financial Instruments
Amendments to FRS 101:	Presentation of Financial Statements
Amendments to FRS 121:	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 127:	Consolidated and Separate Financial Statements
Amendments to FRS 128:	Investments in Associates
Amendments to FRS 131:	Interests in Joint Ventures
Amendments to FRS 132:	Financial Instruments: Presentation
Amendments to FRS 134:	Interim Financial Reporting
Amendments to FRS 138:	Intangible Assets
Amendments to FRS 139:	Financial Instruments: Recognition and Measurement
IC Interpretation 4:	Determining Whether an Arrangement contains a Lease
IC Interpretation 12:	Service Concession Arrangements
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
Amendments to IC Interpretation 9:	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 13:	Customer Loyalty Programmes
Amendments to IC Interpretation 15:	Agreements for the Construction of Real Estate

Adoption of the above FRSs did not have any effect on the financial performance, position or presentation of financial information of the Centre.

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4. Changes in accounting policies (continued)

The Centre have not adopted the following FRSs that have been issued by the MASB but are not yet effective.

FRS 9* :	Reassessment of Embedded Derivatives
FRS 10*:	Consolidated Financial Statements
FRS 11*:	Joint Arrangements
FRS 12*:	Disclosure of Interests in Other Entities
FRS 13*:	Fair Value Measurement
FRS 119*:	Employee Benefits
FRS 124:	Related Party Disclosures
FRS 127*:	Separate Financial Statements
FRS 128*:	Investment in Associates and Joint Ventures
Amendments to FRS 1:	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7:	Disclosures - Transfers of Financial Assets
Amendments to FRS 101*:	Presentation of Items of Other Comprehensive Income
Amendments to FRS 112:	Deferred Tax: Recovery of Underlying Assets
IC Interpretation 15:	Agreements for Construction of Real Estate (withdrawn)
IC Interpretation 19:	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20*:	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 14:	Prepayments of a Minimum Funding Requirement

The new FRSs will be applicable to Centre for financial year beginning 1 January 2012, except for those marked "*" will be applicable for financial year beginning 1 January 2013.

4. Changes in accounting policies (continued)

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Centre will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Centre will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The Centre are currently in the process of determining the financial impact arising from the MFRS Framework.

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.

(a) 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
Carrying amount							
At 1 January 2011	**60,516**	**75,000**	**8,321**	**6,398**	**35,981**	**4**	**186,220**
Additions	**23,018**	**-**	**14,030**	**350**	**8,917**	**-**	**46,315**
Depreciation charge	**(22,475)**	**(15,000)**	**(4,088)**	**(1,817)**	**(9,293)**	**-**	**(52,673)**
At 31 December 2011	**61,059**	**60,000**	**18,263**	**4,931**	**35,605**	**4**	**179,862**
At 31 December 2011							
Cost	**359,720**	**75,000**	**58,666**	**36,611**	**74,960**	**13,690**	**618,647**
Accumulated depreciation	**(298,661)**	**(15,000)**	**(40,403)**	**(31,680)**	**(39,355)**	**(13,686)**	**(438,785)**
Carrying amount	**61,059**	**60,000**	**18,263**	**4,931**	**35,605**	**4**	**179,862**
Carrying amount							
At 1 January 2010	65,274	16,128	12,096	8,841	44,930	4	147,273
Additions	27,707	75,000	1,304	644	150	-	104,805
Disposal	-	(16,128)	-	-	-	-	(16,128)
Depreciation charge	(32,465)	-	(5,079)	(3,087)	(9,099)	-	(49,730)
At 31 December 2010	60,516	75,000	8,321	6,398	35,981	4	186,220
At 31 December 2010							
Cost	336,702	75,000	44,636	36,261	66,043	13,690	572,332
Accumulated depreciation	(276,186)	-	(36,315)	(29,863)	(30,062)	(13,686)	(386,112)
Carrying amount	60,516	75,000	8,321	6,398	35,981	4	186,220

6. Plant and equipment (continued)

The motor vehicle with carrying amount RM60,000 (2010: RM75,000) is under finance lease arrangement.

7. Project grants receivables

The foreign currency profile of project grants receivables is made up as follows:

	2011 RM	2010 RM
EURO	-	127,483
USD	483,319	415,418
MYR	274,931	553,779
	758,250	1,096,680

8. Other receivables and deposits

	2011 RM	2010 RM
Deposits	16,675	16,675
Sundry receivables	34,047	22,356
	50,722	39,031

9. Finance lease payables

	2011 RM	2010 RM
Finance lease liabilities		
- not later than 1 year	17,124	17,124
- later than 1 year and not later than 2 years	34,248	34,248
- later than 2 years and not later than 5 years	15,689	32,813
	67,061	84,185
Future finance charges on finance lease	(7,312)	(10,612)
Present value of finance lease liabilities	59,749	73,573

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9. Finance lease payables (continued)

	2011 RM	2010 RM
Present value of finance lease liabilities		
- not later than 1 year	**14,125**	14,125
- later than 1 year and not later than 2 years	**30,313**	30,313
- later than 2 years and not later than 5 years	**15,311**	29,135
	59,749	73,573

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

10. Project grants pending

The foreign currency profile of project grants pending is made up as follows:

	2011 RM	2010 RM
EURO	**884,893**	105,792
USD	**536,323**	1,769,863
MYR	**-**	140,434
	1,421,216	2,016,089

11. Other payables and accruals

	2011 RM	2010 RM
Accruals	**8,419**	8,419
Sundry payables	**64,323**	57,569
	72,742	65,988

12. Surplus before taxation

	2011 RM	2010 RM
Surplus before taxation is arrived at after charging:		
Staff costs		
- Salaries	**1,295,433**	1,177,545
- Allowances	**69,034**	36,575
- Temporary staff costs	**11,075**	-
- Employees Provident Fund	**154,732**	141,793
- Social security costs	**10,305**	10,001
- Medical costs	**34,270**	18,634
- Staff welfare training	**30,853**	28,797
Depreciation of plant and equipment	**52,673**	49,730
Rental	**58,800**	58,800
Auditors' remuneration	**3,800**	3,800
Finance lease interest	**3,300**	300
and crediting:		
Realised foreign exchange gain	**53,788**	-

13. 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.

14. 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:

(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.

14. Financial risk management policies (continued)

(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.

15. Fair values of the financial instruments

The fair values of the financial instruments of the Centre as at 31 December 2011 are not materially different from their carrying values.