

REEF CHECK MALAYSIA
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(In Ringgit Malaysia)

REEF CHECK MALAYSIA
(Incorporated in Malaysia)

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TRUSTEES' REPORT

The trustees submit their report and the audited financial statements of the Company for the financial year ended 31 December 2016.

Principal activities

The Company is a company limited by guarantee and not having a share capital. It is established and maintained exclusively as a non profit charitable organisation to contribute to the sustainable management of coral reefs in Malaysia, to raise public awareness about the value of marine and coastal ecosystems, educate the public about the current crisis affecting marine ecosystems, to develop and implement educational programmes to raise awareness of the need for coral reef conservation and to create a Malaysia-wide network of trained volunteer teams to monitor and report on reef health using a globally accepted standard method and to obtain high quality scientific data on the health of marine and coastal ecosystems through survey programmes.

Financial results

	RM
Net profit for the financial year	<u>131,679</u>

In the opinion of the trustees, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

The income and property of the Company whencesoever derived shall be applied solely toward the promotion of the objects of the Company as a non profit charitable organisation and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit to the members of the Company.

Reserves and provisions

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

Limited by guarantee

Every member of the Company undertakes to contribute to the assets of the Company in the event of the Company being wound up during the time that he is a member or within one year after he ceased to be a member for payment of debts and liabilities of the Company contracted before he and for the adjustment, of rights of the contributories amongst themselves, such amount as may be required not exceeding Ringgit Malaysia One Hundred (RM100.00).

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Trustees

The trustees of the Company in office since the end of the previous financial year to the date of this report are:

Yeoh Pei Cheen

Ning Baizura Binti Hamzah *

Ralph Justin Dixon (Alternate trustee to Yeoh Pei Cheen)

Hiew Wai Phang *

Lim Jit Cheng *

Gordon Bryden Reid - Resigned on 19 October 2016

* also a member of the Company

Trustees' benefits

Since the end of the previous financial year, no trustee has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the trustee or with a firm of which the trustee is a member, or with a company in which the trustee has a substantial financial interest.

There were no arrangements during or at the end of the financial year, which had the object of enabling the trustees to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other statutory information

Before the financial statements of the Company were prepared, the trustees took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; and
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company 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 trustees, would substantially affect 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 have any contingent liabilities arisen in the Company.

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Other statutory information (continued)

No contingent or other liability of the Company 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 trustees, will or may affect the ability of the Company to meet its obligations when they fall due.

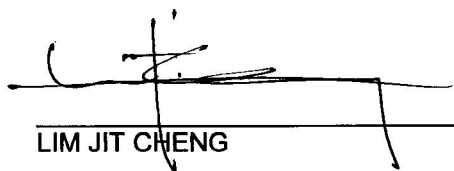
At the date of this report, the trustees are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

Auditors' remuneration

The total remuneration paid to or receivable by the statutory auditors for the financial year is RM2,000.

Signed on behalf of the Board
in accordance with a resolution of the trustees,


HIEW WAI PHANG


LIM JIT CHENG

Kuala Lumpur

Dated: 29 JUN 2017

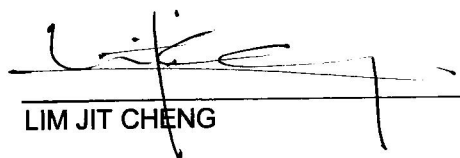
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STATEMENT BY TRUSTEES

The trustees of REEF CHECK MALAYSIA, state that, in the opinion of the trustees, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and the Malaysian Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the trustees,


HIEW WAI PHANG


LIM JIT CHENG

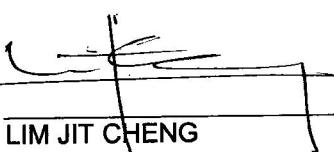
Kuala Lumpur

Dated: **29 JUN 2017**


STATUTORY DECLARATION

I, LIM JIT CHENG, being the trustee primarily responsible for the financial management of REEF CHECK MALAYSIA, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are 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 above named LIM JIT CHENG at)
Kuala Lumpur in Wilayah Persekutuan)
on **29 JUN 2017**


LIM JIT CHENG

Before me,


No. W 710
COMMISSIONER FOR OATHS A.S. MANIAM
MALAYSIA

Tingkat 20 Ambank Group Building
55, Jin. Raja Chulan, 50200 Kuala Lumpur



Russell Bedford LC & Company

(AF 1237)

Chartered Accountants

羅瑞貝德特許會計師事務所

10th Floor, Bangunan Yee Seng

15, Jalan Raja Chulan

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

REEF CHECK MALAYSIA

(Incorporated in Malaysia)

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statement of financial position of the Company as at 31 December 2016, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Companies Act 1965 ("CA 1965") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.5.

We are independent of the Company in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the MIA By-Laws and the IESBA Code.

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



1.3 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's trustees' report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

1.4 Responsibilities of management and those charged with governance for the financial statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with CA 1965 and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

1.5 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Companies Act 2016, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



1.5 Auditors' responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

2. Report on other legal and regulatory requirements

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

3. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Teoh Wuey Sze.

A stylized, handwritten signature of Russell Bedford.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

A handwritten signature of Teoh Wuey Sze.

TEOH WUEY SZE
2831/01/18(J)
CHARTERED ACCOUNTANT

Kuala Lumpur

Dated: 29 June 2017

REEF CHECK MALAYSIA
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Note	RM	(Restated)
			RM
Revenue	4	884,486	1,211,328
Other income		7,034	7,196
Staff costs	5	(440,646)	(434,465)
Depreciation		(6,547)	(7,773)
Other operating expenses		(312,648)	(286,697)
Profit before tax	6	<u>131,679</u>	<u>489,589</u>
Income tax expense	7	<u>-</u>	<u>-</u>
Net profit/Total comprehensive income for the year		<u><u>131,679</u></u>	<u><u>489,589</u></u>

REEF CHECK MALAYSIA
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 RM	2015 Restated* RM
Non current assets			
Equipment	8	12,480	16,396
Current assets			
Trade receivables	9	9,633	10,000
Other receivables and deposits		5,650	3,849
Fixed deposit with a licensed bank		229,224	222,190
Cash and bank balances	10	271,255	144,271
		515,762	380,310
Total assets		528,242	396,706
Equity			
Retained profits		519,985	388,306
Current liability			
Other payables and accruals		8,257	8,400
Total equity and liabilities		528,242	396,706

* See Note 11 for details regarding the restatement as a result of prior year adjustments.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Retained profits/ (Accumulated loss) RM	Total RM
At 1 January 2015	(101,283)	(101,283)
Net profit/(loss)/Total comprehensive income/(loss) for the year		
- as previously reported	(2,666)	(2,666)
- prior year adjustments (Note 11)	492,255	492,255
- as restated	489,589	489,589
At 31 December 2015	<u>388,306</u>	<u>388,306</u>
At 1 January 2016		
- as previously reported	(103,949)	(103,949)
- prior year adjustments (Note 11)	492,255	492,255
- as restated	388,306	388,306
Net profit/Total comprehensive income for the year	131,679	131,679
At 31 December 2016	<u>519,985</u>	<u>519,985</u>

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
Cash flows from/(used in) operating activities		
Profit before tax	131,679	489,589
Adjustments for:		
Bad debts written off	1,055	3,815
Depreciation	6,547	7,773
Interest income	(7,034)	(7,043)
Operating profit before working capital changes	132,247	494,134
Increase in trade and other receivables	(2,489)	(2,224)
Decrease in other payables and accruals	(143)	(688,330)
Cash flows from/(used in) operations/Net cash from/(used in) operating activities	129,615	(196,420)
Cash flows from/(used in) investing activities		
Purchase of equipment	(2,631)	(1,792)
Increase in fixed deposits with maturities of more than 3 months	(7,034)	(7,043)
Interest income received	7,034	7,043
Net cash used in investing activities	(2,631)	(1,792)
Net increase/(decrease) in cash and cash equivalents	126,984	(198,212)
Cash and cash equivalents at beginning of year	144,271	342,483
Cash and cash equivalents at end of year	271,255	144,271
Cash and cash equivalents comprise:		
Cash and bank balances	271,255	144,271
Fixed deposits with a licensed bank	229,224	222,190
	500,479	366,461
Less: Fixed deposits with maturities of more than 3 months	(229,224)	(222,190)
	271,255	144,271

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

1. General information

The Company is a company limited by guarantee and not having a share capital. It is established and maintained exclusively as a non profit charitable organisation to contribute to the sustainable management of coral reefs in Malaysia, to raise public awareness about the value of marine and coastal ecosystems, educate the public about the current crisis affecting marine ecosystems, to develop and implement educational programmes to raise awareness of the need for coral reef conservation and to create a Malaysia-wide network of trained volunteer teams to monitor and report on reef health using a globally accepted standard method and to obtain high quality scientific data on the health of marine and coastal ecosystems through survey programmes.

The Company is a public limited liability company, incorporated and domiciled, in Malaysia.

The registered office is located at 8th Floor, Bangunan Yee Seng 15, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of operations is located at Box 606, Lot 5.19 – 5.22, Wisma Central, Jalan Ampang, Kuala Lumpur.

The financial statements were approved and authorised for issue by the trustees on 29 June 2017.

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Company have been prepared and presented in accordance with the provisions of the Companies Act, 1965 and the Malaysian Financial Reporting Standards.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

The Company had adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and IC Interpretations that become mandatory for the current financial year. The adoption of these new and revised MFRSs and IC Interpretations does not result in significant changes in accounting policies of the Company.

The Company has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations do not result in significant changes in accounting policies of the Company upon their initial application.

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2.2.2 Significant accounting policies**Functional and presentation currency**

The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

Revenue recognition

Revenue from sales of goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss upon delivery of goods and customer's acceptance.

Revenue from services rendered is recognised in the income statement when the services are rendered.

Sponsorship and donation income are recognised in the income statement on receipt basis.

Interest income is recognised as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

Foreign currencies

Transactions in foreign currency are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	2016 RM	2015 RM
1 Euro Dollar	-	4.69

Employee benefits**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Company. 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.

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2.2.2 Significant accounting policies (continued)

Employee benefits (continued)

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised as an expense in the profit or loss.

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss.

Impairment of assets

The carrying amount of assets subject to accounting for impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss in the period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the profit or loss.

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2.2.2 Significant accounting policies (continued)

Equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives:

Furniture, fittings and equipment	20%
Motor boat and motor vehicle	20%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and year 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.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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 classified as equity are charged directly to equity. Financial instruments are offset when the Company has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are classified as either at fair value through profit or loss, loans and receivables, held to maturity investments, or available for sale financial assets, as appropriate. Financial liabilities are classified as either at fair value through profit or loss (derivative financial liabilities) or at amortised cost (borrowings and trade and other payables), as appropriate.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non current.

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2.2.2 Significant accounting policies (continued)

Financial instruments (continued)

(ii) Payables

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit and loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent year, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Statement of cash flows

Statement of cash flows is prepared using the indirect method.

Cash equivalents comprises cash balances and short term deposits with maturities of three months or less, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

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4. Revenue

	2016	2015
	RM	RM
Sales of services	40,190	1,830
Sales of goods	17,481	11,239
Sponsorship income	826,815	1,198,259
	<u>884,486</u>	<u>1,211,328</u>

5. Staff costs

	2016	2015
	RM	RM
Defined contribution plan	36,062	37,513
Salaries, wages, bonus and allowances	400,013	392,660
Others employee related expenses	4,571	4,292
	<u>440,646</u>	<u>434,465</u>

6. Profit before tax

	2016	2015
	RM	RM
Profit before tax is arrived at after charging/(crediting)		
Auditors' remuneration	2,000	2,000
Bad debts written off	1,055	3,815
Depreciation	6,547	7,773
Rental of		
- equipment	42,086	20,678
- office	38,635	34,200
Loss in foreign exchange - realised	42	-
Gain in foreign exchange - realised	-	(153)
Interest income from fixed deposit	<u>(7,034)</u>	<u>(7,043)</u>

7. Income tax expense

The Company has been granted exemption from income tax under paragraph 13, schedule 6 of the Income Tax Act 1967.

The following deferred tax assets are not recognised as it is not probable that there are taxable profit to utilised these tax credits.

	2016	2015
	RM	RM
Tax effects of:		
Unabsorbed capital allowances	4,200	4,200
Unutilised tax losses	19,700	19,700
Amount not recognised	<u>23,900</u>	<u>23,900</u>

REEF CHECK MALAYSIA
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8. Equipment

	Motor boat and motor vehicle RM	Furniture, fittings and equipment RM	Total RM
Cost			
At 1 January 2015	19,800	32,644	52,444
Additions for the year	-	1,792	1,792
At 31 December 2015	19,800	34,436	54,236
Additions for the year	-	2,631	2,631
At 31 December 2016	19,800	37,067	56,867
Accumulated depreciation			
At 1 January 2015	3,960	26,107	30,067
Charge for the year	3,960	3,813	7,773
At 31 December 2015	7,920	29,920	37,840
Charge for the year	3,960	2,587	6,547
At 31 December 2016	11,880	32,507	44,387
Net book value			
At 31 December 2016	7,920	4,560	12,480
At 31 December 2015	11,880	4,516	16,396

9. Trade receivables

The normal trade credit term is 30 days.

10. Cash and bank balances

The foreign currency exposure profile of cash and bank balances is as follows:

	2016 RM	2015 RM
Euro Dollar	-	1,055

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11. Prior year adjustments

In the previous reporting period, the Company had change its tax status from a corporation to a non-profit charitable organisation and the Company had erroneously accounted its revenue recognition for sponsorship income by deferring it over the period necessary to match them with the related cost instead of receipt basis.

The effect of the prior year adjustments to each of the affected financial statement line items for the prior period is as follows:

	As previously reported RM	Effects RM	Restated RM
Statement of financial position as at 31 December 2015			
Equity			
Retained profits/(Accumulated losses)	(103,949)	492,255	388,306
Current liabilities			
Other payables and accruals	500,655	(492,255)	8,400
Statement of comprehensive income for the year ended 31 December 2015			
Revenue	719,073	492,255	1,211,328
Net profit/(loss)/Total comprehensive income/(loss) for the year	(2,666)	492,255	489,589

12. Limited by guarantee

Every member of the Company undertakes to contribute to the assets of the Company in the event of the Company being wound up during the time that he is a member or within one year after he ceased to be a member for payment of debts and liabilities of the Company contracted before he and for the adjustment, of rights of the contributories amongst themselves, such amount as may be required not exceeding Ringgit Malaysia One Hundred (RM100.00).

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13. Financial instruments, financial risks and capital risk management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	2016	2015
	RM	RM
Financial assets		
Loans and receivables:		
- Trade and other receivables	12,533	11,099
- Cash at bank	500,479	366,461
	<u>513,012</u>	<u>377,560</u>
Financial liabilities		
- Other payables and accruals	<u>8,257</u>	<u>8,400</u>

(b) Financial risk management policies and objectives

The Company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Company.

The Company does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

Liquidity risk management

The Company maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities.

The undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay equal to the carrying amounts of the financial liabilities as disclosed in the respective notes.

Credit risk management

The Company's credit risk is primarily attributable to its trade and other receivables. This represents the Company's maximum exposure to credit risk. The Company performs ongoing credit evaluation of its customers and generally does not require collateral on account receivables. At reporting date, there were no significant concentrations of credit risk.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the respectively short-term maturity of these financial instruments.

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DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 RM	2015 RM
Revenue		
Sales of services – training courses	40,190	1,830
Sales of goods – training materials	17,481	11,239
Sponsorship income	826,815	1,198,259
	884,486	1,211,328
Other income		
Gain on foreign exchange – realised	-	153
Fixed deposit interest	7,034	7,043
	7,034	7,196
Staff costs		
EPF and SOCSO	40,633	41,805
Salaries, wages and allowances	400,013	392,660
	(440,646)	(434,465)
Depreciation	(6,547)	(7,773)
Other operating expenses		
Accounting fees	1,500	1,500
Advertisement and promotion	2,995	9,188
Auditors' remuneration	2,000	2,000
Bad debts written off	1,055	3,815
Bank charges	210	432
Customs charges	178	-
Dive services	62,815	32,758
Donation and gift	-	644
Entertainment	-	334
GST expenses	5,033	3,845
Insurance	2,277	2,514
Loss on foreign exchange - realised	42	-
Low value assets	263	5,629
Meals and accommodation	52,732	39,428
Petrol	3,420	2,577
Printing, stationery and postages	7,212	6,454
Professional fees	17,995	26,475
Rental of:		
- equipment	42,086	20,678
- office	38,635	34,200
Secretarial fees	2,130	1,950
Seminar and symposium	16,041	37,631
Service tax	-	33
Staff welfare	14	1,096
Tax fees	1,000	1,000
Telephone expenses	3,930	3,940
Transportation	25,280	20,271
Training materials	3,090	11,869
Travelling expenses	19,376	14,408
Upkeep of office equipment	766	1,971
Upkeep of motor vehicle	310	57
Water and electricity	263	-
	(312,648)	(286,697)
Profit before tax	131,679	489,589

The statement has been prepared for management purpose only.
It does not form part of the audited financial statements.