

FULTON PREBON (MALAYSIA) SDN BHD  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2006

1. CORPORATE INFORMATION

The principal activities of the Company are that of a licensed broker in inter-bank foreign exchange, currency deposits and other money market instruments. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 21<sup>st</sup> Floor, Bangunan Amanah Capital, 82, Jalan Raja Chulan, 50200 Kuala Lumpur. The principal place of business of the Company is located at 7<sup>th</sup> Floor, Bangunan Amanah Capital, 82, Jalan Raja Chulan, 50200 Kuala Lumpur.

The immediate holding company is Amanah Equities Sdn Bhd, whereas, Amanah Capital Partners Berhad is the intermediate holding company. The Directors regard Malaysian Industrial Development Finance Berhad, as the ultimate holding company. All companies are incorporated in Malaysia.

The number of employees in the Company as at 31 December 2006 was 29 (2005: 33).

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board, as modified by Bank Negara Malaysia Guidelines. The financial statements have been prepared on the historical cost basis

The preparation of financial statements in conformity with Financial Reporting Standards ("FRS") requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting 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 financial year. Although these estimates are based on management's best knowledge of current events and actions, actual result may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement or complexity, are disclosed in Note 19.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The following accounting policies are adopted by the Company and are consistent with those adopted in previous years except for the adoption of the following new and revised FRS issued by the MASB that are effective for the financial period beginning 1 January 2006.

FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 132	Financial Instruments: Disclosures and Presentation
FRS 136	Impairment of Assets

The adoption of the above new and revised FRS does not have significant financial impact on the Company.

In this set of financial statements, the Company has not early adopted FRS 124, Related Party Disclosures which is effective for annual periods beginning on or after 1 October 2006 and Amendment to FRS 119<sub>2004</sub>, Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures which is effective for annual periods beginning on or after 1 January 2007. The adoption of revised FRS 124 and Amendment to FRS 119<sub>2004</sub> does not result in significant changes in accounting policies of the Company except for the format and extent of disclosures presented in the financial statements.

The MASB has also issued FRS 139 Financial Instruments: Recognition and Measurement but for which the MASB has yet to announce the effective date of this standard. The Company has not adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statement upon first adoption of this standard as required by Paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(a)

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and other financial institutions.

(c) Trade Receivables and Other Assets\_\_\_\_\_

Trade receivables and other assets are initially recognised at their cost when the contractual right to receive cash or another financial assets from another entity is established.

Subsequent to initial recognition, trade receivables and other assets are stated at cost less allowance for doubtful debts.

Trade receivables and other assets are not held for the purpose of trading.

(d) Property, Plant and Equipment and Depreciation\_\_\_\_\_

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(d).

Depreciation of property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Property, Plant and Equipment and Depreciation (continued)\_\_\_

The principal annual rates of depreciations are:

Office equipment	20%
Furniture, fixtures & fittings	20%
Motor vehicles	25%
Computer equipment	33.3%
Office renovations	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

### (e) Impairment of Assets\_\_\_\_\_

The carrying amounts of assets 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. 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(f) Other Liabilities

Other liabilities are measured initially and subsequently at cost. Other liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Employee Benefits (continued)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contribution to the Employees' Provident Fund ("EPF") and are recognised as an expense in the income statement as incurred.

(h) Income Tax\_\_\_\_\_

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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