Yayasan Sejahtera

Report for 2009 – 2011

SEJAHTERA

Building Sustainable Communities

Contents

Cover photo:
Pakcik Hasbullah mending a fence
at a plantation site in Bachok, Kelantan.

Yayasan Sejahtera seeks to help the exteme poor create a better life for themselves by equipping them with the necessary tools, skills, infrastructure and opportunities to break out of the vicious poverty cycle.

Pakcik Hasan

Before taking part in our Napier grass project, Hasan bin Mat Daud (62) worked in construction. When there were jobs, he earned between RM 30 and RM 40 per day. "To work eight hours a day is all very hard work. You can't even take a break. People will scold you. There's no time to rest except for lunch. It's a huge difference between growing Napier grass and doing construction work."

Pakcik Hasan, as we know him, now spends two hours each morning and afternoon tending to his two acre plot. His first harvest in December 2010 produced a RM 135 yield, which has risen to RM 570 for the harvest in December 2011. "*Boleh jasa, timbul projek rumput ni*," he says. With his earnings and the extra time that he has, Pakcik Hasan has invested in sheep, ducks, and a shop by the roadside in front of his house where he sells children's snacks, fruit from his garden and petrol. He feeds the sheep with Napier grass. "This saves costs," he says. He's not as tired as he used to be. The grass still grows after it was planted when the project first began. "Now it's been two years and it's still alive. If people are interested, they have to put in the work."

As testimony to his hard work, Pakcik Hasan has been selected to participate in a trial to rear *kibas* (a type of fat-tailed sheep originating from the Middle East and Central Asia) to test the viability of feeding the animals with the grass which is high in protein and sugar content with support from the Veterinary Services Department of Kelantan. Our implementing partner, Prof Madya Mohd Zaki Zakaria of UiTM Kelantan, comments: "The Department has agreed to give *kibas* to our participants, costing up to RM 1,200 each. This means that they're confident with what we are doing. We are grateful to Yayasan Sejahtera for believing in the potential of our work."

"Boleh jasa timbul projek rumput ni."

Freshly cut Napier grass.

Petrol and snacks at Pakcik Hasan's shop by the roadside.

Napier grass.

Objectives

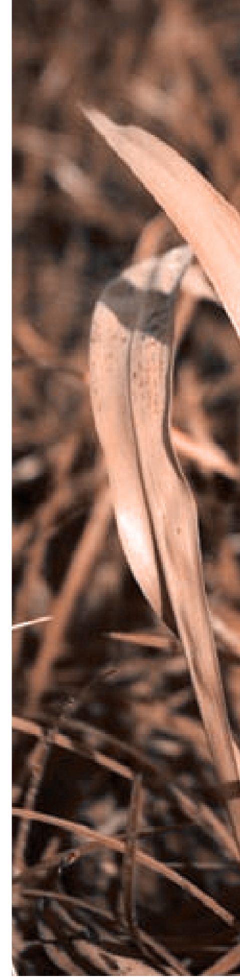
To ensure Sejahtera communities have access to a basic standard of living and enjoy at least a minimum quality of life.

To support the creation of sustainable living environments for vulnerable communities in Malaysia.

To deliver this mandate through the efforts of Government-Linked Companies (GLC), Government-Linked Investment Companies (GLIC), and corporate Malaysia.

To work in partnership with beneficiaries and civil society to leverage and maximise programme benefits.

Yayasan Sejahtera's holistic approach to poverty alleviation is premised on four building blocks:

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Message from the Board of Trustees

Malaysia is currently at the crossroads with respect to adressing poverty. Despite achieving commendable progress in reducing the incidence of poverty from 49.3% in 1970 to 3.8% in 2009, there are still critical issues to grapple with and urgent problems to resolve. Malaysia no longer faces challenges with absolute poverty (those living below the poverty line of USD 1.25 per day) but also with relative poverty (those living below the level of income needed to attain a minimum standard of living). Pockets of persistent rural and urban poverty still exist at a time when there are increasing inequalities. While rural poverty still continues to be the focus of policymakers, urban poverty also needs policy attention and prescriptions.

Future poverty eradication efforts have to be carefully designed and targeted to empower the poor to become major contributors to the development process. A paradigm shift that incorporates various stakeholders including the private sector as drivers and the community as the custodian of the rights of the poor is the way forward. This approach is premised on creating a dynamic community amongst the poor filled with the desire to integrate with the modern sector and become key players in the global economy and move up the value chain.

Yayasan Sejahtera with its mission of *Building Sustainable Communities* is thus well poised to take on this approach. Yayasan Sejahtera seeks to support vulnerable communities create a better life for themselves by equipping them with the necessary tools, skills, infrastructure and opportunities to break out of the vicious circle of poverty. This includes providing access to capital to stimulate enterprises and financial independence. Our main objectives are to ensure that communities have access to a basic standard of living and enjoy at least the minimum quality of life (as defined by the Millennium Development Goals and Human Development indicators), and to support the creation of sustainable living environments for vulnerable communities in Malaysia.

It is hoped that with the concerted and continuous efforts of Yayasan Sejahtera and other agencies, the marginalised can break away from the shackles of poverty and live a life of dignity.

Management Review

From 2009 to March 2012, we have assisted 4,640 households in nine districts in five states – Pahang, Kedah, Kelantan, Sabah and Sarawak. Our first pilot project in Maran, Pahang, integrated all of our four core modules by building houses, supporting basic food needs, providing basic community services like electricity and clean water, and supporting sustainable livelihoods for 20 families. Learning from this experience, we decided that sustainable livelihoods would be the entry point for future projects. This was our entry point in Kelantan in 2010, starting work in the poorest districts: Bachok and Pasir Puteh. Here, we have implemented three sustainable livelihoods projects owing to the Kelantanese inclination to enterprise. They are Napier Grass and Watermelon Plantation (our second pilot project), Small Grants, and One Enterprise for One Family.

In 2011, we moved into three districts in Sabah and Sarawak and exercised a more innovative and flexible approach to our project design and implementation. We witnessed that without addressing basic community services alongside sustainable livelihoods, our interventions would be rendered ineffective. These two interventions are our signature programmes in Sabah and Sarawak. Our projects have reached 26 families in five villages in the district of Pitas in Sabah, and in Sarawak, 188 families in five longhouses in the Lusong Laku area in Kapit and 2,042 families in 13 villages in Pulau Bruit in Mukah.

In 2011, preparations began to strengthen programme delivery by emphasising the importance of monitoring and evaluation. We have plans to put in place a functioning monitoring and evaluating system by the end of 2012 to ensure improved programming, measure outcomes, quantify results and report on progress.

In 2009 and 2010, our total income was RM 2.78 million, and total income for 2011 was RM 4.01 million. The total expenditure incurred in 2009 and 2010 was RM 2,406,435, of which RM 1,499,337 (62.31%) was spent directly on project implementation, RM 367,130 (15.26%) on marketing and communications, and RM 539,968 (22.44%) on administrative costs. Total expenditure for 2011 amounted to RM 3,527,284 of which RM 2,142,009 (60.73%) went to project implementation, RM 50,287 (1.43%) for marketing and communications, and RM 1,334,988 (35.11%) on administrative costs. In 2012, we look towards strengthening our financial management systems while maintaining healthy reserves to ensure long term security for projects and flexibility to address needs that arise at short notice.

Yayasan Sejahtera has grown as an organisation with a full management team of 11 staff in place by the end of 2011. The year 2011 chalked a number of firsts for us. We moved to our new premise in Bangsar, Kuala Lumpur. We ventured into Sabah and Sarawak, and received a sizeable contribution of RM 1 million from Kuwait Finance House.

Touching lives in the communities we assist would not have been possible if not for our dedicated and enthusiastic staff who want to do good in the community. The journey has not been easy. In fact, it has been full of challenges. In spite of this, we remain inspired by our beneficiaries, seeing how their lives and especially the lives of their children have improved. This keeps us going. To our donors and partners, we hope you will continue to support us on this exciting journey of empowering the marginalised communities in Malaysia to claim the right to lead a life full of opportunities.

The Prime Minister speaking at the launch of Yayasan Sejahtera in Maran, Pahang.

Malaysia Airlines contributed a community centre to host community-building activities.

New Beginnings

It was under the auspices of the Putrajaya Committee on GLC High Performance (PCG) and Khazanah Nasional Berhad that Yayasan Sejahtera was launched at our first pilot project site in Maran, Pahang, by Prime Minister Dato' Seri Najib Tun Razak on 4 September 2009. Yayasan Sejahtera is dedicated to addressing hardcore poverty in line with two National Key Result Areas: raising living standards of low-income households, and improving basic rural infrastructure. We were designed as a platform for GLCs, GLICs and corporate Malaysia to converge in community development through corporate responsibility.

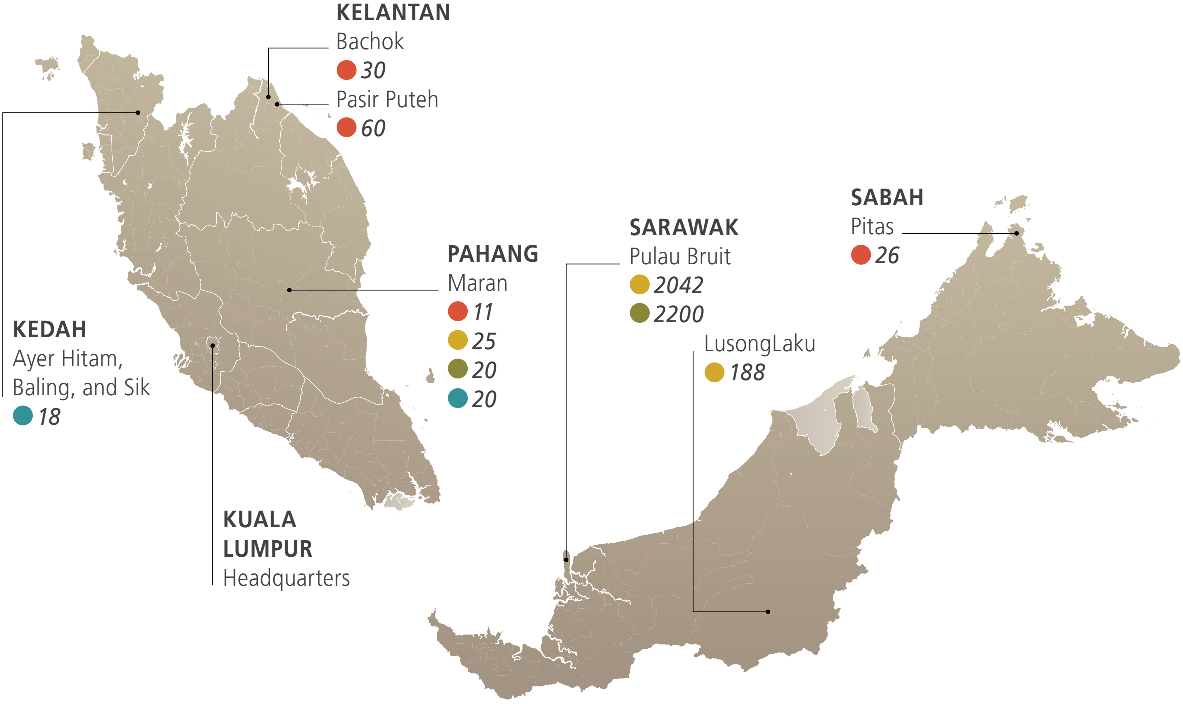
Key issues in poverty in the Malaysian context include a lack of sustainable income, unfulfilled basic food needs, a lack of basic community services, and poor housing. These are especially evident in rural and isolated areas. While Malaysia is a success story in the area of poverty reduction, the poor still rely on handouts which do not contribute toward long term impact or an independent existence.

We believe that resources are available in every community. This includes human capital, local knowledge and land. To achieve our goal of sustainability, our beneficiaries must be empowered through the development of both hard and soft skills. In other words, capacity building. However, the hardcore poor's needs are almost on a daily basis. Without basic community services like water and electricity, support for basic food needs, or a good roof over their heads, we cannot hope that they can acquire new skills to improve their livelihoods.

As a holistic development programme, we strongly encourage our beneficiaries to be independent and take responsibility with the understanding that dignity and self-worth are values that rise out of pure effort. It is only a harmonious community – a Sejahtera community – that can grow itself out of poverty. We understand that this change – *building sustainable communities* – will not happen overnight.

Watermelon seedlings.

Where We Work and Number of Families Reached



Modules

1 Supporting Sustainable Livelihoods
2 Supporting Basic Food Needs
3 Providing Basic Community Services
4 Building / Rehabilitating Homes

Accumulated number of families reached from 2009 until March 2012: ***4,640***

Module 1:
Supporting Sustainable Livelihoods

Yayasan Sejahtera empowers individuals by providing access to employment opportunities and skills training in agriculture and home-based businesses. Our aim is not to replace our beneficiaries' main source of income but to supplement it. There are five projects under the Sustainable Livelihoods module: our first pilot project, Projek Perumahan Sejahtera, Napier Grass and Watermelon Plantation (our second pilot project), Small Grants, One Enterprise for One Family, and Chilli Fertigation.

Food pellets made of Napier grass.

Kak Nah

"We just started planting watermelons last year (in 2011)," says Sapinah binti Awang Teh. "We don't have any land – we rent. I inherited this house from my parents." Kak Nah lives in Bachok, Kelantan, with her husband and four children.

"This used to be a tobacco growing area. I've always planted tobacco. Now there's very little tobacco left. I used to plant vegetables on the side just for the family's daily needs." However, vegetables are now the main source of income. That's RM 400 a month to live on. A contrast to their tobacco growing days, a two acre plot of land for tobacco could produce a net income of RM 4,850 per season.[1] Trade liberalisation under the ASEAN Free Trade Area's regulations meant the end to subsidies which guaranteed a good income for tobacco farmers like Kak Nah and her family.

They are participants in Yayasan Sejahtera's Watermelon Plantation project. Watermelon was recommended as a cash crop not only because of its potential for generating higher income per acre, but also because it is easier to market. Market access is frequently a challenge for small-scale agricultural produce. The family's half-acre harvest in 2011 earned them over RM 300. This was an increase of 20% of their monthly income over the three month plantation cycle. "Watermelons require a lot of care and attention." Kak Nah explains that they are inexperienced in watermelon cultivation methods. But she and her husband, Saidi bin Ahmad, want to do better. He adds, "if this were school, we're just getting to know the ABCs [of growing watermelons]. We can't even read yet." Given time and practice, and training and guidance by our implementation partners from UiTM Kelantan, these tobacco experts hope to produce better yields to improve their livelihood – for themselves and for their children.

"If this were school, we're just getting to know the ABCs [of planting watermelons]. We can't even read yet."

[1] Working Paper 46: *Effects of Trade Liberalisation on Agriculture in Malaysia: Commodity Aspects*, T.M.A.T. Ahmad & A.Tawang (CGPRT Centre, 1999)

Projek Perumahan Sejahtera **11** *families*

Maran, Pahang

As part of our collaborative efforts in community development, Yayasan Sejahtera helped connect 11 households with Jabatan Kebajikan Masyarakat at our pilot project in Maran, Pahang. These families have received materials to kickstart small businesses in sewing, a motor workshop, fruit selling and making iron grills.

While high in cost and maintenance, watermelons have the potential to produce high returns.

Napier Grass and Watermelon Plantation **10** *families*

Bachok, Kelantan

Bachok has the highest number of hardcore poor families in Kelantan, the state with the highest number of poor in Peninsular Malaysia according to the Implementation Coordination Unit (ICU), Prime Minister's Department. NPI 209 is a strain of Napier grass, also known as elephant grass. It was chosen for its suitability as a cheaper alternative to conventional food pellets. Our beneficiaries sell their harvests to a factory that produces silage. The grass may also be made into food pellets. Watermelons, while high in cost and maintenance, have the potential to produce high returns and are easy to market.

On average, our five Napier grass beneficiaries have earned over RM 1,200 per family since their first harvest in December 2010. Our five watermelon beneficiaries have earned an average of over RM 400 in two plantation cycles (one each in 2010 and 2011), where they plant other crops in between. Both projects are implemented by our partners from the Department of Industrial Linkages, Universiti Teknologi MARA Kelantan.

Kak Teh using her new hemming machine.

Small Grants **20** *families*

Bachok and Pasir Puteh, Kelantan

The Small Grants project targets 20 beneficiaries with existing small businesses in Bachok and Pasir Puteh, Kelantan. Pasir Puteh is second after Bachok in numbers of hardcore poor families. The aim is to increase beneficiaries' productivity, and hence their income. Our beneficiaries make *kuih*, grow vegetables, sew, and run coffee shops, among others. Zaridatinah binti Mat Deriah (Kak Teh), for example, was given a hemming machine for her sewing business. Last Ramadan, she had to finish sewing seven pairs of *baju kurung* in a day. "I hem at night, after I sew them." A lot of time will be saved this coming Ramadan. "By hand, it takes 30 minutes to hem each pair. With the machine, it doesn't even take five minutes."

Chilli Fertigation 26 *families*

Pitas, Sabah

The district of Pitas, Sabah, is home to traditional chilli and peanut farmers. It is also the poorest district in in Sabah; the poorest state in Malaysia. Here, our project targeted 26 families in a project to grow *cili kulai*, which grow up to nine inches long. In the fertigation system, plants are fertilised as they are watered. Producing Grade A chillies, 12 of these families collectively earned more than RM 1,200 in 2011. Two more families have started to harvest early in 2012. The planting cycle began in May 2011 and when the monsoon season arrived to the coast, the immature plants of 12 families did not survive the heavy rains. Young plants are especially susceptible to fungus and disease. Lesson learnt – this year, the plantation cycle is well underway to avoid the rains.

Fisherman Nurikin bin Upang was not so lucky because his chilli plants did not survive. Not wanting to leave his equipment and materials to waste, he asked us if he could try something different. Nurikin successfully trialled planting brinjals instead, which he sells to vendors and neighbours. With his informal research and monitoring, Yayasan Sejahtera is exploring the possibility of growing brinjals alongside chillies in the 2012 cycle.

One Enterprise for One Family 60 *families*

Pasir Puteh, Kelantan

A group of beneficiaries during a baking class demonstration by our project partner, Yayasan Pendidikan dan Vokasional Wanita Malaysia.

Our latest project in Pasir Puteh provides entrepreneurial and skills training in sewing, baking and ICT services with the aim to create a specialisation in a single enterprise for each family. Its broader goals include cultivating an interest in business, and a spirit of togetherness, cooperation and cohesiveness among family members. After all, it is these family units that make up the community.

The first round of training in December 2011 was attended by 31 individuals from 14 families. Facilitated by our partner, Yayasan Pendidikan dan Vokasional Wanita Malaysia (YPVWM), the courses are a mixed method of classroom and workshop-based learning. The families will be jointly monitored by YPVWM and Yayasan Sejahtera and given guidance and support in establishing their micro-enterprises.

Module 2: Supporting Basic Food Needs

Projek Perumahan Sejahtera **20** *families*

Maran, Pahang

As part of our multi-faceted approach to our first pilot project, Yayasan Sejahtera provided an acre of land for all 20 households to share. The beneficiaries were given a choice of what crops to grow: bananas, spinach, water spinach, eggplant and lemon grass, among others, while the Department of Agriculture supported our work by training our beneficiaries in crop cultivation.

Helping the Blind Community **5** *families*

Maran, Pahang

In conjunction with the launch of our pilot project, Yayasan Sejahtera identified five families from the blind community in Maran town. The beneficiaries were once rattan craftsmen who due to age, are no longer productive. This was an excellent opportunity to link our work with the Graduates Employability Management Services (GEMS) Cherating, providing GEMS trainees exposure to community service and raising awareness in hardcore poverty. The trainees painted these families' houses, and the families also received cash donations, chilli seeds to cultivate in their gardens, and food hampers.

Former Project Officer for Kelantan, Haziqah Nashirah Zol Bahari (left), helping out during the food drop in Lusong Laku, Belaga

Food Pantry Initiative **2042** *families*

Pulau Bruit, Sarawak

Pulau Bruit, in the Mukah division off the coast of Sarawak, is home to 13 villages. It is the second largest island in Malaysia. Inter-village travel and travel to the mainland is primarily on water. This, however, is restricted only to high tide, and not when the monsoon is at its peak (up to three months every year). To supplement the dietary needs of the inhabitants of Pulau Bruit, the Food Pantry Initiative brought food parcels to all 13 villages in September 2010.

Food Drop **188** *families*

Lusong Laku, Sarawak

Lusong Laku lies in the deep interior of Sarawak, in Belaga district, Kapit division. In December 2010, it was reported that the bridge connecting Lusong Laku and Bintulu, an 8 to 12 hour drive away on timber roads, was swept away by strong water currents of the Linau River. The inhabitants were completely cut off with no one able to enter or leave the villages in the area. Food parcels containing rice, flour, cooking oil, cream crackers and sugar were delivered by two military helicopters from Bintulu Airport. These were received and distributed by community leaders.

Module 3: Providing Basic Community Services

Motivational and Disaster Risk Reduction Programmes at Projek Perumahan Sejahtera **20** *families*

Maran, Pahang

A series of motivational programmes are being implemented at this pilot project following recommendations from a psychosocial survey conducted here. With beneficiaries coming from various villages throughout Maran, the focus of the programmes is on creating unity. The first three-month religious motivational programme began in October 2010 with a *jamuan hari raya* and briefing by the Chenor district religious department. The event was well-received especially by the children and women. A second programme, the *Bumi Hijau* Competition, commenced in October 2011. This competition assesses how well the surroundings and gardens are taken care of, and is designed to create unity through healthy competition.

Community mapping in preparation for disaster is an activity for all – young and old.

A disaster risk reduction (DRR) programme was also implemented in collaboration with MERCY Malaysia in December 2010, as the area is prone to flash floods. The DRR programme is a conscious effort to reduce the potential risks in the area through capacity building and developing the knowledge and skills in flood preparation and mitigation. The programme brought residents of Projek Perumahan Sejahtera and surrounding areas together and was attended by 60 men, women and children.

Water Filters **1772** *families*

Pulau Bruit, Sarawak

A house in Pulau Bruit fitted with a cyclone water filter system.

Water sources in Pulau Bruit are polluted with household waste, grease and oil from motor boats and chemicals and pesticides from palm oil plantations. It is also high in salinity due to seawater intrusion. Due to poor water catchment methods, existing water tanks were contaminated by debris and dead insects and rodents. Working with the existing water tanks, Yayasan Sejahtera delivered cyclone filter systems which connect to gutters on houses, schools, mosques/suraus, and community centres on the island.

Old Barracks Rehabilitation **428** *families*

Pulau Bruit, Sarawak

The old Department of Irrigation and Drainage barracks at Kampung Bruit in Pulau Bruit have been unused for a number of years. There is a guesthouse in the village with three rooms, often used by visiting officers and workers from the mainland. In view of the shortage of accommodation on this island and its potential to be used as a community focal point, Yayasan Sejahtera rehabilitated this building. For the short term, it may be used as a base camp for workers from the mainland on assignment to Pulau Bruit, as transport to and from the island is both limited and time consuming.

The newly rehabilitated Department of Irrigation and Drainage barracks in Kampung Bruit.

Module 4:
Building / Rehabilitating Homes

Our target group at Yayasan Sejahtera is the extreme poor: families living on an income of RM 460 in Peninsular Malaysia, RM 630 in Sabah and RM 590 in Sabah. In this module, homes are built / rehabilitated to ensure that beneficiaries enjoy a shelter that at least meets the minimum standards of safety and comfort. The conditions of some of the houses we have visited are below acceptable standards for reasons including:

+ old flooring that lacks strength
+ cracks and holes in walls and roof
+ visible deterioration or damage to foundation
+ absence of bedrooms, kitchen, and/or bathroom
+ building materials (primarily wood) in a state of disrepair.

Projek Perumahan Sejahtera ***20*** ***families***

Maran, Pahang

For our first pilot project, 20 families from around Maran, Pahang received new homes. These consisted of families whose homes were either in need of repair or who did not have a home of their own (ie. living with other family members). Now, each family has a decent roof over their heads, the children have a playground, and there is also a community centre.

Rehabilitating Homes ***18*** ***families***

Ayer Hitam, Baling & Sik, Kedah

In the districts of Ayer Hitam, Baling and Sik in Kedah, Yayasan Sejahtera rehabilitated 18 families' homes through the efforts of volunteers from their own communities.

Kak Norlali

When Norlali binti Idris was selected to become a beneficiary for our first pilot project, Projek Perumahan Sejahtera, she was an unemployed single mother with three children. They lived with her mother.

Staying with her parents was "not like staying on your own. Everyone wants to be independent if they can. When I stayed with my parents, they got us everything we needed. This is something I didn't realise." Even though she gets a stipend from Jabatan Kebajikan Masyarakat to support her three children, "it's not full support. That means that I have to put in an effort too. If there is anything extra that I want, I have to change my own circumstances."

Taking up Yayasan Sejahtera's offer for housing, Kak Norlali decided to find employment. Job-sharing with her twin sister, they are rubber tappers earning RM 350 a month. In the shared one acre lot at the housing project, she plants banana trees and lemon grass. Around her house, chillies, turmeric, and other plants grow green and healthy. These supplement their basic needs and whatever surplus is sold at the market. "It's enough to buy petrol for the motorcycle to send the children to school."

To foster community spirit through healthy competition, Yayasan Sejahtera organised the *Bumi Hijau* Competition. Kak Norlali won the first round by keeping her surroundings clean and making sure that her plants were well taken care of. At any time of the day or night, if she hears intruders (cows) in the compound, she would get up to make sure that her garden is safe. Winning the competition was worth it, but it's not the most significant change in her life. The biggest difference is her independence. "Everything that I have now, I got through my own efforts."

Kak Norlali tending to her chilli plants.

"I have to put in an effort too. If there's anything extra that I want, I have to change my own circumstances."

Bananas grow in the one acre plot of land shared by all 20 families living at Projek Perumahan Sejahtera.

Partner Initiatives

TM Single Mothers Programme

In 2009/2010, Yayasan Sejahtera facilitated the selection of 3 single mothers in Pahang to take part in the TM Single Mothers Programme. The objectives are:

+ to help eradicate poverty among single mothers by earning a stable income and creating sustainable livelihoods,
+ to provide educational opportunities for children of single mothers who excel in their studies, and
+ to enhance the living standards of single mothers in the eyes of their local communities, hence becoming active contributors in society.

The single mothers are given vocational and book keeping training, a small grant to help set up their businesses based on their own proposals, and marketing support for their products. Their children are also given educational assistance. At diploma level, three of these mothers' children are currently enrolled at Multimedia College and at Multimedia University for degree level. Now in its second phase in 2012, Yayasan Sejahtera is working with TM to identify five single mothers in Kelantan and their families to benefit from this initiative.

Tabung Maybank Sejahtera

Tabung Maybank Sejahtera was a two month collaborative fundraising effort between Maybank, the New Straits Times Press and Yayasan Sejahtera. Launched on 13 August 2009 in conjunction with Ramadan and Hari Raya Aidilfitri, this initiative raised around RM 300,000 by March 2012.

Mosque Rehabilitation for Kampung Tekajong, Pulau Bruit

To complement our efforts in Pulau Bruit, Bank Islam undertook the rehabilitation of a mosque in Kampung Tekajong. The BIMB team looks forward to undertaking more rehabilitations under their CSR initiative.

Mosque Rehabilitation in Kampung Tekajong, Pulau Bruit

Looking Forward: Is Social Business The Answer? And Our Plans for 2012

In December 2011, Yayasan Sejahtera organised a three day workshop titled Holistic Social Business Movement in Malaysia. The workshop was attended by 25 participants from Yayasan Sejahtera, PINTAR Foundation, myHarapan, Yayasan Daya Diri, Yayasan Pendidikan dan Vokasional Wanita Malaysia, and the Internal Coordination Unit (ICU), Prime Minister's Department.

The concept of social business was pioneered by Professor Yunus, Nobel Laureate and founder of the Grameen Bank, based on over 40 years experience working in poverty alleviation. Like any other business, it must cover costs but social businesses aim to achieve social objectives such as providing healthcare, financial services, and access to education to the poor. The objectives of the workshop were for our partners and staff to learn how to pioneer a holistic social business movement by generating awareness, generating business ideas, and identifying opportunities and provide solutions. To achieve this, the team from Yunus Social Business shared key elements of social businesses, best practice examples and tools relating to how pioneering a holistic social business movement may provide solutions to social problems in the Malaysian setting.

The development of social business as an answer to the question of poverty will run alongside our other projects planned for 2012 where the focus is on Modules 1 and 3: Building Sustainable Livelihoods and Providing Basic Community Services. These projects seek to widen our reach and deepen our responses in areas where we are already established through further development of businesses or enterprises in Kelantan, education and water in Sarawak, and education, water and livelihoods in Sabah.

We look forward to piloting a project based on social business towards the end of 2012 and welcome the opportunity to work with new and existing partners.

Members of our Board of Trustees and other participants in a discussion during the Holistic Social Business Movement workshop.

Views from the Board of Trustees

Puan Sri Siew Yong Gnanalingam

Puan Sri Siew Yong Gnanalingam has an extensive background in public relations, holds directorships in several companies and is passionate about community work.

Yayasan Sejahtera's goal is noble, focusing on pockets of the extreme poor in our country with a planned programme to lift them above the poverty line with sustainable projects. It's not charity, it's not giving the poor fish for the day but providing them opportunities to be economically capable of maintaining a fair livelihood for themselves and their families.

It's the minimum we expect for all Malaysians and as a Yayasan Sejahtera trustee, I feel that it is important that the foundation widens its net to help as many of the poor as possible with the help and support of our sponsors and facilitating agencies.

Dr Sulochana Nair

An expert in poverty, Dr Sulochana has recently retired from her post as Director of the Centre for Poverty and Development Studies at University Malaya.

Yayasan Sejahtera with it tagline of creating sustainable communities represents an innovative approach of reaching out to the poor and marginalised segments of society.

Shahnaz al-Sadat binti Abdul Mohsein

A member of the Malaysian Institute of Certified Public Accountants, Shahnaz was until recently the Executive Director of Strategic Human Capital Management for Khazanah Nasional Berhad.

Economic disparity is a situation that exists in any community, state or country. That is unavoidable. What is avoidable is the feeling of helplessness in dealing with it and in having the aspiration to overcome it.

This is what Yayasan Sejahtera is about – providing a platform for continuous support in giving individuals and communities access, tools and skills so they too can aspire and achieve the dream of closing the disparity.

Poverty is the current state – the sense of hope and being empowered is the road to the future state, Godwilling.

Shareen Shariza binti Dato' Abdul Ghani

Shareen is Director of Corporate Responsibility at Khazanah Nasional Berhad.

Everyone deserves to live a life with dignity. If this is secured, then the future of the next generation, the children, and the children's children would have the right kind of role models to be better than where they started.

Instil that throughout a generation and the whole society will move up to a better place. It's not the physical stuff. It's your own self-worth, and your place in this world. Everybody deserves that.

Thank You

We wish to thank Dato' Seri Utama Shahrir Abdul Samad, Dato' Ismee bin Ismail and Prof Dato' Dr Mohammed Anwar a/l Fazal Mohammed for having served on our Board of Trustees from 24 February 2010.

"We don't give them (our beneficiaries) a chance. They give themselves a chance."

– Stephanie Yap, Project Officer

Our Team

Programme Director
Elaine Tan

Head of Programme
Rossimah Mohamed

Programmes
Nur Azizah Anuarul Aini
Nur Masliza Muda
Stephanie Yap

Administration and Finance
Afizah Ariffin
Chan Ji Yun

Planning, Development, Monitoring and Evaluation
Mae Tan Siew Mann
Sharon Lee

Marketing and Communications
Arnaz Amir

We also wish to thank all staff - both past and present - in their hard work and contribution towards *Building Sustainable Communities*.

Seated (left to right): Rossimah, Elaine, Mae
Standing (left to right): Ji Yun, Afizah, Azizah, Steph, Sharon, Mas, Arnaz

Financial Report

Balance Sheet AS AT 31 DECEMBER 2011

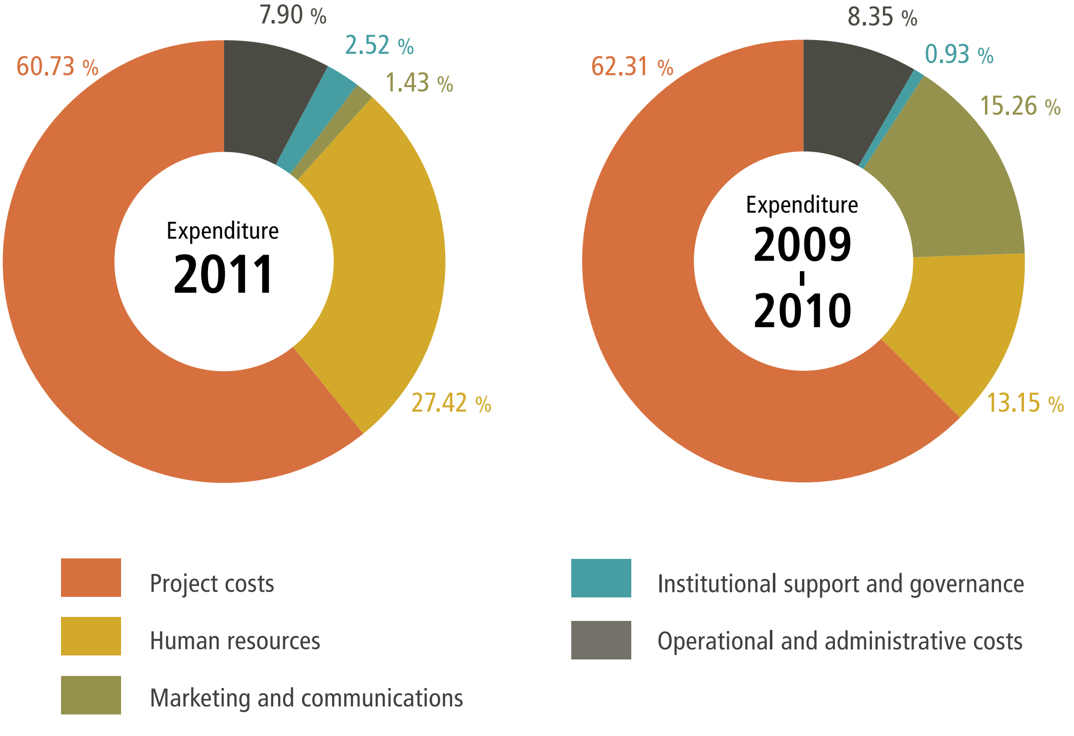
DESCRIPTION	2011	2010 (Restated)
	(RM)	(RM)
Non-current assets		
Property and equipment	231,553	43,618
Current assets		
Other receivables	259,125	9,222
Cash and bank balances	10,581,654	13,678,454
	10,840,779	**13,687,676**
Current liabilities		
Other payables	151,468	426,309
Deferred income	1,572,319	2,930,000
	1,723,787	**3,356,309**
Net current assets	9,116,992	10,331,367
	9,348,545	**10,374,985**
Represented by:		
Contribution from members	-	-
Retained surplus	852,854	374,985
	852,854	**374,985**
Non-current liability		
Government grant	8,495,691	10,000,000
	8,495,691	**10,000,000**
	9,348,545	**10,374,985**

Income

DESCRIPTION	1/1/2011 — 31/12/2011	7/8/2009 — 31/12/2010 (Restated)
	(RM)	(RM)
Contribution received from third parties (GLCs, GLICs, and private donors and institutions)	2,120,956	2,781,420
Amortisation of Government grant	1,504,309	-
Hibah income from fixed deposits	379,888	-
TOTAL INCOME	**4,005,153**	**2,781,420**

Expenditure

DESCRIPTION	1/1/2011 — 31/12/2011	7/8/2009 — 31/12/2010 (Restated)
	(RM)	(RM)
Project costs	2,142,009	1,499,337
Human resources	967,221	316,414
Marketing and communications	50,287	367,130
Institutional support and governance	88,952	22,450
Operational and administrative costs	278,815	201,104
TOTAL EXPENSES	**3,527,284**	**2,406,435**



Trustees' report

The Trustees hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2011.

Principal activity

The principal activity of the Company is to address extreme poverty based on sustainable living approach which encompasses sustainable livelihood or skills development programme, access to education and social services/amenities and provision of habitable homes. There has been no significant change in the nature of the principal activity during the financial year.

Results

	RM
Net surplus for the year	477,869

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

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

Dividend

No dividend shall be paid to the member of the Company.

Trustees

The names of the Trustees of the Company in office since the date of the last report and at the date of this report are:

Puan Sri Ng Siew Yong	
Prof. Madya Dr. Sulochana Nair a/p Kutiri Raman Nair	
Shareen Shariza binti Dato' Abd Ghani	
Shahnaz Al-Sadat binti Abdul Mohsein	
Tan Sri Datuk Seri Utama Shahrir bin Ab Samad	(resigned on 30 June 2011)
Datuk Ismee bin Ismail	(resigned on 1 January 2012)
Dato' Mohammed Anwar a/l Fazal Mohd	(resigned on 1 March 2012)

Trustees' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Trustees might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

Trustees' interests

According to the register of Trustees' shareholdings, none of the Trustees in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statement of comprehensive income and balance sheet of the Company were made out, the Trustees took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

  (ii) 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 so to realise.

(b) At the date of this report, the Trustees are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and

  (ii) the values attributed to current assets in the financial statements of the Company misleading.

Other statutory information (cont'd.)

(c) At the date of this report, the Trustees are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) 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 of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Trustees:

   (i) no contingent liability or other liability 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 Company to meet its obligations as and when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 30 June 2012.

Shahnaz Al-Sadat binti Abdul Mohsein   Shareen Shariza binti Dato' Abd Ghani

Kuala Lumpur, Malaysia

Statement by Trustees
Pursuant to Section 169(15) of the Companies Act, 1965

We, Shahnaz Al-Sadat binti Abdul Mohsein and Shahreen Shariza binti Dato' Abd Ghani, being two of the Trustees of Yayasan Sejahtera, do hereby state that, in our opinion, the accompanying financial statements set out on pages 7 to 24 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2011 and of the financial performance and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Trustees dated 30 June 2012

Shahnaz Al-Sadat binti Abdul Mohsein

Shareen Shariza binti Dato' Abd Ghani

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

I, Shahreen Shariza binti Dato' Abd Ghani, being the Trustee primarily responsible for the financial management of Yayasan Sejahtera, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 24 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 Shahreen Shariza binti
Dato' Abd Ghani at Kuala Lumpur in the
Federal Territory on 30 June 2012

Shareen Shariza binti Dato' Abd Ghani

Before me,

Report on the financial statements

We have audited the financial statements of Yayasan Sejahtera, which comprise the balance sheet as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 24.

Trustees' responsibility for the financial statements

The Trustees of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, 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 approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trustees, 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 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 ("the Act") 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 Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Company, 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.

Ernst & Young
AF: 0039
Chartered Accountants

Abdul Rauf Bin Rashid
No. 2305/05/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia

Statement of comprehensive income
For the financial year ended 31 December 2011

	Note	1.1.2011 to 31.12.2011 RM	7.8.2009 to 31.12.2010 RM (restated)
INCOME	3	4,005,153	2,781,420
EXPENDITURE			
Project costs		2,142,009	1,499,337
Staff costs	4	791,272	305,764
Staff training		175,949	10,650
Marketing and communications expenses:			
- Current year		50,287	367,130
- Over provision in prior year		(105,140)	-
Travelling expenses		95,833	96,455
Professional fees		48,952	14,450
Auditors' remuneration:			
- statutory audit		35,000	5,000
- others		5,000	3,000
Depreciation	6	46,541	130
Office rental		93,701	-
Car rental		35,410	17,278
Office utilities		32,071	3,266
Other expenses		80,399	83,975
		3,527,284	2,406,435
Surplus before taxation		477,869	374,985
Taxation	5	-	-
Surplus for the year/period, representing total comprehensive income for the year/period		477,869	374,985

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

Balance sheet
As at 31 December 2011

	Note	2011 RM	2010 RM (restated)
Non-current assets			
Property and equipment	6	231,553	43,618
Current assets			
Other receivables	7	259,125	9,222
Cash and bank balances	8	10,581,654	13,678,454
		10,840,779	13,687,676
Current liabilities			
Other payables	9	151,468	426,309
Deferred income	10	1,572,319	2,930,000
		1,723,787	3,356,309
Net current assets		9,116,992	10,331,367
		9,348,545	10,374,985
Represented by:			
Contribution from members	11	-	-
Retained surplus		852,854	374,985
		852,854	374,985
Non-current liability			
Government grant	12	8,495,691	10,000,000
		8,495,691	10,000,000
		9,348,545	10,374,985

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

Statement of changes in equity
For the financial year ended 31 December 2011

	Contribution from members RM	Retained surplus RM	Total RM
At date of incorporation	-	-	-
Total comprehensive income for the period	-	374,985	374,985
At 31 December 2010 (restated)	-	374,985	374,985
At 1 January 2011 (as previously stated)	-	3,304,985	3,304,985
Prior year adjustment (Note 17)	-	(2,930,000)	(2,930,000)
At 1 January 2011 (restated)	-	374,985	374,985
Total comprehensive income for the year	-	477,869	477,869
At 31 December 2011	-	852,854	852,854

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

Cash flow statement
For the financial year ended 31 December 2011

	1.1.2011 to 31.12.2011 RM	7.8.2009 to 31.12.2010 RM (restated)
Cash flows from operating activities		
Surplus before taxation	477,869	374,985
Adjustments for:		
Donation in-kind	-	(39,048)
Interest income	(379,888)	-
Depreciation	46,541	130
Amortisation of Government grant	(1,504,309)	-
Operating (loss)/profit before working capital changes	(1,359,787)	336,067
Increase in receivables	(39,835)	(9,222)
(Decrease)/increase in payables	(274,841)	426,309
(Decrease)/increase in deferred income	(1,357,681)	2,930,000
Net cash (used in)/generated from operating activities	(3,032,144)	3,683,154
Cash flows from investing activities		
Purchase of property and equipment	(234,476)	(4,700)
Interest received	169,820	-
Net cash used in investing activities	(64,656)	(4,700)
Cash flows from financing activity		
Proceeds from Government grant, representing net cash generated from financing activity	-	10,000,000
Net changes in cash and cash equivalents	(3,096,800)	13,678,454
Cash and cash equivalents at beginning of year	13,678,454	-
Cash and cash equivalents at end of year	10,581,654	13,678,454

Cash and cash equivalents comprise of (Note 8):

	2011 RM	2010 RM
Cash on hand and at bank	461,124	13,678,454
Deposits with a licensed financial institution	10,120,530	-
	10,581,654	13,678,454

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

Notes to the financial statements - 31 December 2011

1. Corporate information

The principal activity of the Company is to address extreme poverty based on sustainable living approach which encompasses sustainable livelihood or skills development programme, access to education and social services/amenities and provision of habitable homes. There has been no significant change in the nature of the principal activity during the financial year.

The Company was incorporated on 7 August 2009 and is a company limited by guarantee, incorporated and domiciled in Malaysia. The registered office of the Company is located at Epsilon Advisory Services Sdn Bhd, 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Trustees in accordance with a resolution of the Trustees on **30 June 2012**.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements have been prepared on a historical cost basis.

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

2.2 Significant accounting estimates and judgments

The preparation of financial statement in accordance with FRSs requires the use of certain accounting estimates and exercise of judgment. Estimates and judgments are continuously evaluated and are based on past experience, reasonable expectations of future events and other factors.

The directors are of the opinion, that there are no key assumptions concerning the future nor other key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies

(a) Property and equipment, and depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, in accordance with Note 2.3(l).

Depreciation of the property 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:

Office equipment	33%
Motor vehicle	20%
Computer equipment	33%
Renovation	tenancy period

The residual values, useful life and depreciation method are reviewed at each reporting date 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 property and equipment.

An item of property 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) Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Intangible assets (cont'd.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets of the Company relate to computer software which are amortised over 3 years.

(c) Financial assets

Financial assets are recognised in the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss.

(i) Receivables

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

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

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139 Financial Instruments: Recognition and Measurement, are recognised in the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include other payables.

Financial liabilities are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

(e) Impairment of financial assets

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

(i) Receivables 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 insolvancy or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying value 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 or loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the 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.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies

(f) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash at bank and short term deposits which have an insignificant risk of changes in value.

(g) Equity instruments

Contribution from members are classified as equity.

(h) Government grant

Government grant is recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grant that compensates the Company for expenses incurred is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grant that compensates the Company for the cost of an asset is recognised as income on a systematic basis over the useful life of the asset.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be reliably measured.

(i) Hibah income

Hibah income is recognised on accrual basis using the effective interest method.

(ii) Donations

Donations are recognised when the Company's rights to receive the payment is established or conditions attached to the donations have been fulfilled.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(j) 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefits plan under which the Company pays fixed contribution into separate entities or fund and will have no legal on constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current financial period. Such contributions are recognised as an expense in the profit and loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

(k) 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 not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit.

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(k) Income tax (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity.

(l) Impairment of non-financial assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist, 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 asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises. Impairment loss 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 depreciation, had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit or loss.

2. Significant accounting policies (cont'd.)

2.4 Changes in accounting policies

At the beginning of the current financial year, the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011. The adoption of these new standards and interpretations does not give rise to any material effects on the financial statements of the Company.

2.5 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysia Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the period ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

3. Income

	1.1.2011 to 31.12.2011 RM	**7.8.2009 to 31.12.2010 RM (restated)**
Contribution received from third parties	2,120,956	2,781,420
Amortisation of Government grant	1,504,309	-
Hibah income from fixed deposits	379,888	-
	4,005,153	2,781,420

4. Staff costs

	1.1.2011 to 31.12.2011 RM	7.8.2009 to 31.12.2010 RM
Wages and salaries	588,692	270,386
Statutory contribution to Employees Provident Fund and social security	109,796	28,528
Other allowances	92,784	6,850
	791,272	305,764

Included in the staff costs are remuneration for key management personnel amounting to RM172,710 (2010: RMNil). Key management personnel is defined to include Board of Trustees and Programme Director. The Trustees received no remuneration from the Company during financial year.

5. Taxation

The Company was granted tax exemption status on all gross income (except for dividend income) from 15 January 2011 onwards under Section 44(6) of the Income Tax Act, 1967.

Accordingly, the Company has no tax charge for the financial year ended 31 December 2011.

6. Property and equipment

	Renovation RM	Computer equipment RM	Office equipment RM	Motor vehicle RM	Total RM
At 31 December 2011					
Cost					
At 1 January 2011	-	-	4,700	39,048	43,748
Additions	156,902	54,539	23,035	-	234,476
At 31 December 2011	156,902	54,539	27,735	39,048	278,224
Accumulated depreciation					
At 1 January 2011	-	-	130	-	130
Depreciation charge for the year	21,792	11,615	5,975	7,159	46,541
At 31 December 2011	21,792	11,615	6,105	7,159	46,671
Net carrying amount					
At 31 December 2011	135,110	42,924	21,630	31889	231,553

	Office equipments RM	Motor vehicle RM	Total RM
At 31 December 2010			
Cost			
At date of incorporation	-	-	-
Additions	4,700	39,048	43,748
At 31 December 2010	4,700	39,048	43,748
Accumulated depreciation			
At date of incorporation	-	-	-
Depreciation charge for the period	130	-	130
At 31 December 2010	130	-	130
Net carrying amount			
At 31 December 2010	4,570	39,048	43,618

7. Other receivables

	2011 RM	2010 RM
Deposits	36,683	300
Prepayments	12,374	8,922
Interest receivable	210,068	-
	259,125	9,222

Other receivables are neither past due nor impaired.

8. Cash and bank balances

	2011 RM	2010 RM
Cash on hand and at bank	461,124	13,678,454
Deposits with a licensed financial institution	10,120,530	-
	10,581,654	13,678,454

The weighted average effective interest ("WAEIR") per annum and the average maturity of deposit at the reporting date were as follows:

	WAEIR per annum		Average maturity	
	2011 %	2010 %	2011 Days	2010 Days
Fixed rate deposits	3.49	-	283	-

9. Other payables

	2011 RM	2010 RM
Accrual	48,439	89,710
Other payables	103,029	336,599
	151,468	426,309

Other payables are interest free and are normally settled on an average term of 30 days

10. Deferred income

Deferred income relates to donations received during the year and in prior year, where the conditions attached to the usage of the donations are yet to be fulfilled as at the reporting date.

11. Contribution from members

The member of the Company undertake to contribute, not exceeding RM100, to the assets of the Company in the event of the Company being wound up.

12. Government grant

	2011 RM	2010 RM
At 1 January	10,000,000	-
Received during the year	-	10,000,000
Amortised to profit or loss (Note 3)	(1,504,309)	-
At 31 December	8,495,691	10,000,000

13. Commitments

	2011 RM	2010 RM
Approved but not contracted for	-	281,075

14. Financial risk management objectives and policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the achievement of the Company's objectives and principle activities whilst managing its liquidity risk and credit risk. The definition of these risks are as follows:

(a) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due. The Company actively manages this risk by maintaining good governance over the cash management of the Government grant and contribution from third parties, and operates within clearly defined guidelines that are approved by the Trustees.

The table below summarises the maturity profile of the Company’s liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within one year 2011 RM	 2010 RM
Other payables	151,468	426,309

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company’s exposure to credit risk arises from other receivables. The Company minimises credit risk by dealing exclusively with credible and established companies.

At the reporting date, the Company’s maximum exposure to credit risk is represented by the carrying amount of the other receivables.

15. Fair values

The fair values of all financial assets and liabilities approximate the carrying amounts due to their relative short term maturities.

16. Capital management

The Company manages its capital by following the Company's policies and guidelines and also seeks approval from the Trustees with regard to all capital management matters. Presently, the Company's activities are entirely funded via Government grant and contributions from third parties.

17. Prior year adjustment and restatement of comparatives

The Company restated contribution received from a third party amounting to RM2,930,000 as deferred income from other income, as the conditions attached to the recognition of the donation were not met as at 31 December 2010. The effects of the adjustment are as follows:

	As previously stated RM	Adjustments RM	As restated RM
Balance sheet 31 December 2010			
Deferred income	-	2,930,000	2,930,000
Retained surplus	3,304,985	(2,930,000)	374,985
Statement of comprehensive income 31 December 2010			
Contribution from third parties	5,711,420	(2,930,000)	2,781,420
Surplus before taxation	3,304,985	(2,930,000)	374,985
Surplus for the period, representing total comprehensive income for the period	3,304,985	(2,930,000)	374,985

FRS 101: Presentation of Financial Statements (revised) requires three statements of balance sheet to be presented when an entity applies an accounting policies retrospectively or makes a retrospective restatement. As the Company was only incorporated on 7 August 2009 and the first set of financial statements was for the period ended 31 December 2010, the requirement of a three statements of balance sheet is not applicable.

Acknowledgements

On behalf of those we serve, we are grateful for your support.

Donors

Project Partners

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We have to create an environment that promotes giving a hand rather than giving handouts.

– Elaine Tan, Programme Director

We would like our donors to be more than just donors. We would like our donors to work with us to reach their corporate social responsibility goals, and work with us to achieve our goals in a way that complements each other's talent, interests and needs.

We want you to be an active partner. Think - how can you support our work effectively? Not necessarily with your donations but with your time, creativity and innovation in your field of expertise.

One way is to collaborate on programmes.

While our key focus is building sustainable communities with the hardcore poor, we would also like to create value for your business, your staff, and your shareholders.

To make an online donation, visit sejahtera.my. Alternatively, contact us – contact details overleaf.

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