

Registration No.: 198801003774 (171131-U)

MALAYSIAN-GERMAN CHAMBER  
OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia, Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS  
31 DECEMBER 2023

MALAYSIAN-GERMAN CHAMBER  
OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS - 31 DECEMBER 2023

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MALAYSIAN-GERMAN CHAMBER  
OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

CORPORATE INFORMATION

DOMICILE : Malaysia

LEGAL FORM AND PLACE  
OF INCORPORATION : A non-profit organisation limited by  
guarantee incorporated in Malaysia  
under the Companies Act 2016

REGISTERED OFFICE AND  
PRICIPAL PLACE OF  
BUSINESS : Lot 20-01, Level 20  
Menara Hap Seng 2  
Plaza Hap Seng  
No. 1, Jalan P. Ramlee  
50250 Kuala Lumpur

MALAYSIAN-GERMAN CHAMBER  
OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

DIRECTORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors have pleasure in submitting their report and the audited financial statements of the Chamber for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Chamber is a non-profit making organisation and its principal activities include the promotion of bilateral trade, services and investments between Malaysia and Germany.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	RM
Surplus for the year	469,533
	=====

DIVIDENDS

The Memorandum of Association of the Chamber does not provide for dividends to be paid to members.

RESERVES AND PROVISIONS

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

## DIRECTORS

The names of directors of the Chamber who served during the financial year and up to the date of this report are as follows:

Johann Daniel Maximilian Bernbeck  
 Sim Chui Chui  
 Peter Lenhardt  
 Lau Wai Lan @ Wendy Lorraine Lau  
 Martin Franz Rudolf Metzger  
 Ng Kian Ann  
 Arokiasamy A/L Thangaraju  
 Tim Groth  
 Yee Hee Hoon  
 Geetha Kandiah  
 Teoh Tsu - Shien  
 Muhammad Azmi Bin Zulkifli  
 Florian Franz Herrmann  
 Marco Neelsen  
 Eva Fatima Maegerlein  
 Arne Graeber

(Appointed on 6 March 2023)

(Appointed on 22 June 2023)

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Chamber or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## DIRECTOR'S REMUNERATION

The details of the director's remuneration paid or payable to the director of the Chamber during the financial year are as follows:-

	RM
Salary, bonus and other benefits	1,254,191

## INDEMNITY AND INSURANCE COST

The Directors and officers of the Chamber are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM13,900. No indemnity was given to or insurance effected for auditors of the Chamber.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements were prepared, the directors took reasonable steps to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that allowance for doubtful debts was not required; and
- (b) At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Chamber misleading.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Chamber which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Chamber which has arisen since the end of the financial year.

No contingent 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, in the opinion of the directors, will or may affect the ability of the Chamber to meet its obligations when they fall due.

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

In the opinion of the directors:

- (a) the result of the operations of the Chamber during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Chamber for the financial year in which this report is made.

#### AUDITORS

The total amount paid to or receivable by the auditors as remuneration for their services for the current financial year is RM25,000.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Chamber has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

## APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the Board of Directors, and signed on behalf of the Board of Directors in accordance with a directors' resolution.



FLORIAN FRANZ HERRMANN  
Director



TIM GROTH  
Director

25 March 2024



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY**

Registration No.: 198801003774 (171131-U)  
(Incorporated in Malaysia)

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**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Malaysian-German Chamber Of Commerce And Industry (the "Chamber"), which comprise statement of financial position as at 31 December 2023, and statement of comprehensive income, statement of changes in fund and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 10 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Chamber as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for Opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

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

*Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Chamber are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Chamber and our auditors' report thereon. Our opinion on the financial statements of the Chamber does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Chamber, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Chamber 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Financial Statements*

The directors of the Chamber are responsible for the preparation of financial statements of the Chamber that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Chamber that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Chamber, the directors are responsible for assessing the Chamber'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 the directors either intend to liquidate the Chamber or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Chamber as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Chamber, 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 Chamber's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Chamber's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Chamber 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 auditors' report. However, future events or conditions may cause the Chamber to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Chamber, including the disclosures, and whether the financial statements of the Chamber represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

#### Other Matters

1. The financial statements of the Chamber for the preceding financial year ended 31 December 2022 were audited by another firm auditors whose report thereon dated 28 March 2023 expressed an unqualified opinion on those statements.
2. This report is made solely to the members of the Chamber, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MAZARS PLT  
201706000496 (LLP0010622-LCA)  
AF 001954  
Chartered Accountants



LEE SOO ENG  
03230/02/2026 J  
Chartered Accountant

Kuala Lumpur

25 March 2024

ID\_5268

MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2023

	<i>Note</i>	2023 RM	2022 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	3	945,212	614,812
Right-of-use assets	4	2,873,259	3,413,815
<b>Total non-current assets</b>		3,818,471	4,028,627
<b>Current assets</b>			
Trade receivables	5	1,549,598	1,517,737
Other receivables, deposits and prepayments	6	391,843	324,656
Fixed deposits with licensed banks	7	2,309,034	2,068,148
Cash and cash equivalents	8	3,539,887	2,930,350
<b>Total current assets</b>		7,790,362	6,840,891
<b>TOTAL ASSETS</b>		11,608,833	10,869,518
<b>LIABILITIES AND ACCUMULATED FUND</b>			
<b>Non-current liabilities</b>			
Lease liabilities	9	2,332,703	2,906,992
<b>Current liabilities</b>			
Other payables and accruals	10	4,564,755	3,754,417
Lease liabilities	9	540,556	506,823
<b>Total current liabilities</b>		5,105,311	4,261,240
<b>Total liabilities</b>		7,438,014	7,168,232
<b>Accumulated fund</b>		4,170,819	3,701,286
<b>TOTAL FUND AND LIABILITIES</b>		11,608,833	10,869,518

The accompanying notes form an integral part of the financial statements

MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Note</i>	2023 RM	2022 RM
Revenue			
Entrance fees and subscriptions		1,181,546	1,042,214
Trade promotions, fairs and direct mailing		2,325,574	2,436,829
Subsidies from DIHK, Berlin		4,257,199	3,105,380
Interest income		49,127	44,348
Other income		551,656	459,909
Membership activities		445,954	277,370
Gain on foreign exchange		34,761	55,176
Site analysis		60,478	126,613
Vocational education		634,270	703,992
		----- 9,540,565	----- 8,251,831
Less: Expenditure			
Staff costs	<i>11</i>	4,254,279	3,872,715
Director's remuneration	<i>12</i>	1,254,191	1,131,225
Operational and administrative costs	<i>13</i>	3,562,562	3,228,930
		----- 9,071,032	----- 8,232,870
Surplus for the year /			
Total comprehensive income for the year		----- 469,533	----- 18,961

The accompanying notes form an integral part of the financial statements

MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 31 DECEMBER 2023

	RM
At 1 January 2022	3,682,325
Surplus for the year/ Total comprehensive income for the year	18,961
At 31 December 2022	<u>3,701,286</u>
Surplus for the year/ Total comprehensive income for the year	469,533
At 31 December 2023	<u><u>4,170,819</u></u>

The accompanying notes form an integral part of the financial statements

MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
<b>OPERATING ACTIVITIES</b>		
Surplus/(Deficit) for the financial year	469,533	18,961
Adjustments for:		
Bad debts written off	10,982	59,308
Bad debts recovered	(36,490)	-
Depreciation of plant and equipment	371,411	307,462
Depreciation of right-of-use assets	540,556	567,675
Plant and equipment written off	3,081	-
Interest expense on lease liabilities	163,683	136,564
Unrealised (gain)/loss on foreign exchange	(22,549)	45,443
Loss on disposal of plant and equipment	-	22
Interest income	(49,127)	(44,348)
Operating profit before working capital changes	1,451,080	1,091,087
Increase in trade and other receivables	(73,167)	(147,031)
Increase in other payables and accruals	810,338	223,149
Net cash generated from operating activities	2,188,251	1,167,205
<b>INVESTING ACTIVITIES</b>		
Additions of fixed deposits with tenure more than 3 months	(240,886)	(37,419)
Purchase of plant and equipment	(704,892)	(105,065)
Proceed from disposal of plant and equipment	-	670
Interest received	49,127	44,348
Net cash used in investing activities	(896,651)	(97,466)

	2023 RM	2022 RM
FINANCING ACTIVITIES		
Repayment of lease liabilities	(540,556)	(567,675)
Interest paid	(163,683)	(136,564)
Net cash used in financing activities	<u>(704,239)</u>	<u>(704,239)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	587,361	365,500
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	22,176	(49,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>2,930,350</u>	<u>2,614,799</u>
CASH AND CASH EQUIVALENTS AT END THE FINANCIAL YEAR	<u><u>3,539,887</u></u>	<u><u>2,930,350</u></u>

The accompanying notes form an integral part of the financial statements



MALAYSIAN-GERMAN CHAMBER  
OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Chamber is a non-profit making organisation limited by guarantee, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office are stated on page 1.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 March 2024.

The Chamber is a non-profit making organisation and its principal activities included the promotion of bilateral trade, services and investments between Malaysia and Germany. There have been no significant changes in the nature of these principal activities during the financial year.

The Chamber has no share capital and is a company limited by guarantee. Under the Memorandum of Association of the Chamber, the liability of each member is restricted to an amount not exceeding RM100.

2. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Chamber have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value and realisable value, as stated in the material accounting policies.

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

## (b) Application of new or revised standards

The Chamber has adopted a number of new standards and amendments during the current financial year.

The adoption of the Amendments to MFRSs does not have significant impact on the disclosures or on the amounts reported in these financial statements.

## (c) New or amended standards issued that are not yet effective

The Chamber has not applied the following Amendments to MFRSs that have been issued by the MASB but are not yet effective:

<i>MFRS and Amendments to MFRSs</i>		<i>Effective date</i>
Amendment to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 1121	Lack of Exchangeability	1 January 2025

The adoption of the above Amendments to MFRSs are not expected to have significant impact on the financial position and financial performance of the Chamber in the period of their initial application.

## (d) Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the 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 other than as disclosed below:

(i) *Depreciation of plant and equipment and right-of-use assets*

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Chamber anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of plant and equipment as at the reporting date is disclosed in Note 3 to the financial statements

(ii) *Impairment of Right-of-use Assets*

The Chamber determines whether an item of its right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve 'uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of right-of-use assets as at the reporting date is disclosed in Note 4 to the financial statements.

(iii) *Impairment of Trade Receivables*

The Chamber uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Chamber develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in the financial statements.

(iv) *Income taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Chamber recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

Critical Judgement Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Chamber's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

*Lease Terms*

Some leases contain extension options exercisable by the Chamber before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## (e) Plant and equipment

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Chamber and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Motor vehicles	20%
Office equipment	10%
Computers	20%
Furniture and fittings	10%
Renovation	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(f) Leases

The Chamber assesses whether a contract is or contains a lease, at inception of the contract. The Chamber recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Chamber recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Chamber recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Chamber or the cost of the right-of-use asset reflects that the Chamber expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Chamber depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Chamber uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding. adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.



(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(h) Impairment

*Impairment of financial assets*

The Chamber recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Chamber in accordance with the contract and all the cash flows that the Chamber expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Chamber always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Chamber's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Chamber recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Chamber measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Chamber recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position

*Impairment of financial assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less cost to sell and its value-in-use, which is measured by reference to discounted future cash flows 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 it is not possible to estimate the recoverable amount of an individual asset, the Chamber estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(i) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Chamber has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Chamber has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt instruments**(i) Amortised cost*

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

*(ii) Fair Value through Other Comprehensive Income*

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

*(iii) Fair Value through Profit or Loss*

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Chamber reclassifies debt instruments when and only when its business model for managing those assets change.



*Financial liabilities*

## (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

## (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

*Derecognition*

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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

(j) Provisions

Provisions are recognised when the Chamber has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(k) Revenue

*Revenue from contracts with customers*

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Chamber recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

- (i) Membership subscription is payable annually. Only subscription which is attributable to the current financial year is recognised as income.
- (ii) Income from trade promotions, fairs and direct mailing are recognised in the period the services are provided.
- (iii) Income from the sale of publications is recognised when physical control of the goods passes to the purchasers
- (iv) Income from membership activities is recognised in the period the services are provided.

*Revenue From Other Sources And Other Operating Income*

(i) Subsidies

Subsidies from DIHK, Berlin are recognised on receipt of monies by the Chamber.

(ii) Interest Income

Interest income is recognised based on an effective yield basis.

(l) Foreign currencies

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(m) Employee benefits

(i) *Short-term employee benefits*

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Chamber.

(ii) Defined contribution plans

The Chamber's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Chamber has no further liability in respect of the defined contribution plans.

(n) Income taxes

*Current tax*

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

*Deferred tax*

Deferred tax is recognised using the liability method for temporary differences other than those that arise 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, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(o) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;.

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and.

Level 3: Inputs are unobservable inputs for the asset or liability..

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## 3. PLANT AND EQUIPMENT

2023	Motor vehicles RM	Office equipment RM	Computers RM	Furniture and fittings RM	Renovation RM	Total RM
Cost						
At 1 January 2023	267,342	333,499	1,097,238	386,930	1,494,931	3,579,940
Addition	353,295	-	316,273	-	35,324	704,892
Written off	-	(14,199)	(1,250)	-	-	(15,449)
At 31 December 2023	620,637	319,300	1,412,261	386,930	1,530,255	4,269,383
Accumulated depreciation						
At 1 January 2023	267,341	211,027	776,085	261,002	1,449,673	2,965,128
Charge for the year	70,659	30,021	182,401	36,007	52,323	371,411
Written off	-	(11,119)	(1,249)	-	-	(12,368)
At 31 December 2023	338,000	229,929	957,237	297,009	1,501,996	3,324,171
Net carrying amount						
At 31 December 2023	282,637	89,371	455,024	89,921	28,259	945,212

2022	Motor vehicles RM	Office equipment RM	Computers RM	Furniture and fittings RM	Renovation RM	Total RM
Cost						
At 1 January 2022	267,342	333,499	1,027,231	387,699	1,494,931	3,510,702
Addition	-	-	105,065	-	-	105,065
Disposal	-	-	(35,058)	(769)	-	(35,827)
At 31 December 2022	267,342	333,499	1,097,238	386,930	1,494,931	3,579,940
Accumulated depreciation						
At 1 January 2022	267,341	179,990	617,792	223,732	1,403,946	2,692,801
Charge for the year	-	31,037	193,351	37,347	45,727	307,462
Disposals	-	-	(35,058)	(77)	-	(35,135)
At 31 December 2022	267,341	211,027	776,085	261,002	1,449,673	2,965,128
Net carrying amount						
At 31 December 2022	1	122,472	321,153	125,928	45,258	614,812

## 4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

*Office premises*

	2023 RM	2022 RM
Cost		
At 1 January	3,413,815	2,413,422
Depreciation charges	(540,556)	(567,675)
Reassessment of lease liabilities	-	1,568,068
At 31 December	<u>2,873,259</u>	<u>3,413,815</u>

The Chamber has leased a number of office premises that run 3 years, with an option to renew the lease after that date for another 3 years.

## 5. TRADE RECEIVABLES

The Chamber's normal trade credit terms range from 0 to 30 (2022: 0 to 30) days. Other credit terms are assessed and approved on a case-by-case basis.

## 6. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 RM	2022 RM
Other receivables	-	16,379
Deposits	214,214	213,594
Prepayments	177,629	94,683
	<u>391,843</u>	<u>324,656</u>

## 7. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks at the end of the reporting period bore effective interest rates ranging from 2.70% to 3.50% (2022: 1.95%) per annum. The fixed deposits have maturity periods ranging from 6 to 12 months (2022: 6 to 12 months).



## 8 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2023 RM	2022 RM
Fixed deposits with licensed banks	2,309,034	2,068,148
Cash and bank balances	3,539,887	2,930,350
	-----	-----
	5,848,921	4,998,498
Less: Fixed deposits with licenced banks with maturities more than three months	(2,309,034)	(2,068,148)
	-----	-----
	3,539,887	2,930,350
	=====	=====

## 9. LEASE LIABILITIES

	2023 RM	2022 RM
At 1 January	3,413,815	2,413,422
Non-cash:		
Changes due to reassessment of lease term	-	1,568,068
Interest expense recognised if profit or loss	163,683	136,564
Cash flows:		
Repayment of principal	(540,556)	(567,675)
Repayment of interest expenses	(163,683)	(136,564)
	-----	-----
At 31 December	2,873,259	3,413,815
	=====	=====
Analysed by:		
Current liabilities	540,556	506,823
Non-current liabilities	2,332,703	2,906,992
	-----	-----
	2,873,259	3,413,815
	=====	=====

The total cash outflows for leases are as follows:

	2023 RM	2022 RM
Payment of lease liabilities	(540,556)	567,675
Interest paid on lease liabilities	(163,683)	136,564
	-----	-----
	704,239	704,239
	=====	=====



## 10. OTHER PAYABLES AND ACCRUALS

	2023 RM	2022 RM
Other payables	1,285,273	885,059
Deposits	90,209	93,708
Advances receipts	1,732,562	1,471,295
Accruals	1,406,519	1,240,753
Sales and service tax payable	50,192	63,602
	<u>4,564,755</u>	<u>3,754,417</u>

## 11. STAFF COSTS

	2023 RM	2022 RM
Salaries and bonus	3,610,092	3,311,348
Statutory contributions	463,487	424,502
Other	180,700	136,865
	<u>4,254,279</u>	<u>3,872,715</u>

## 12. DIRECTOR'S REMUNERATION

	2023 RM	2022 RM
Short-term employee benefis		
- salary, bonus and other benefits	<u>1,254,191</u>	<u>1,131,225</u>

## 13. OPERATIONAL AND ADMINISTRATIVE COSTS

	2023 RM	2022 RM
Audit fee	25,000	19,000
Bank charges	21,572	18,191
Bad debts written off	10,982	59,308
Chamber expenses	577,143	431,339
Delegation tours expenses	47,390	21,438
Depreciation:		
- plant and equipment	371,411	307,462
- right-of-use assets	540,556	567,675
Education and training	58,680	41,529
Entertainment	12,713	9,944
Insurance	24,601	24,084
Interest expense on lease liabilities	163,683	136,564
IT equipment maintenance	280,651	174,482
Loss on disposal of plant and equipment	-	22
Loss on foreign exchange		
- realised	40,387	51,865
- unrealised	8	45,443
Newsletter expenses	83,802	107,013
Office equipment maintenance	4,668	27,156
Office maintenance	82,566	72,546
Periodicals, books and newspapers	9,989	15,232
Plant and equipment written off	3,081	-
Postage, telex and freight	17,548	20,711
Printing and stationery	7,708	8,952
Professional fess/honorary commission	480,807	382,082
Project expenses	41,982	66,652
Public relations	7,361	12,458
Refund of subsidy	198,224	214,651
Rental expenses	-	800
Subscription fee	550	8,303
Sundry expenses	24,315	31,516
Telephone and telefax	62,366	58,327
Trade fair representation	6,888	4,517
Travelling expenses	219,164	137,718
Vehicle maintenance and parking	40,529	20,694
Vocational education	96,237	131,256
	<u>3,562,562</u>	<u>3,228,930</u>

## 14. INCOME TAX EXPENSE

The Chamber is not liable to tax for the current financial year, mainly due to part of the subscription fees and the subsidies from DIHK, Berlin received by the Chamber, which are exempted from tax.

For income tax purpose, the Chamber is treated as "Trade Association" under Section 53(3) of the Income Tax Act, 1967, under which its income is taxed at scale rates.

A reconciliation of income tax expense applicable to the surplus for the financial year at the statutory tax rate to income tax expense at the effective tax rate of the Chamber is as follow:

	2023 RM	2022 RM
Surplus for the financial year	469,533	18,961
Tax at the statutory tax rate of 24 % (2022: 24%)	112,688	4,551
Tax effects of:		
Non-deductible expenses	628,608	48,131
Non-taxable income	(705,120)	(995,423)
Movement of deferred tax assets not recognised during the financial year	(36,176)	942,741
	-	-

No deferred tax assets are recognised in respect of the following items:

	2023 RM	2022 RM
Unused tax losses:		
- expires year of assessment 2028	5,155,000	5,209,000
- expires year of assessment 2029	1,488,000	1,488,000
- expires year of assessment 2030	1,854,000	1,854,000
- expires year of assessment 2031	838,000	838,000
- expires year of assessment 2032	842,000	842,000
- expires year of assessment 2033	299,000	
Unabsorbed capital allowances	1,519,000	1,458,000
Other deductible temporary difference	(394,000)	(239,000)
	11,600,733	11,450,000

The unused tax losses are allowed to be utilised for 10 (2022: 10) consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

## 15. FINANCIAL INSTRUMENTS

The Chamber's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Chamber's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Chamber's financial performance.

### 15.1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Chamber's policies in respect of the major area of treasury activity as follows:

#### (a) Market risk

##### *Foreign currency risk*

The Chamber is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Chamber. The currencies giving rise to this risk are primarily Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Chamber also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Chamber's exposure to foreign currency risk (i.e. currency which is other than Ringgit Malaysia) that based on: the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

##### Foreign currency exposure

	Euro RM	Ringgit Malaysia RM	Total RM
2023			
<b>Financial Assets</b>			
Trade receivables	254,173	1,295,425	1,549,598
Other receivables and deposits	-	391,843	391,843
Fixed deposits with licensed banks	-	2,309,034	2,309,034
Cash and cash equivalents	768,856	2,771,031	3,539,887
	1,023,029	6,767,333	7,790,362
<b>Financial Liability</b>			
Other payables and accruals	-	4,564,755	4,564,755
Net financial assets	1,023,029	2,202,578	3,225,607

	Euro RM	Ringgit Malaysia RM	Total RM
2022			
<b>Financial Assets</b>			
Trade receivables	281,145	1,236,592	1,517,737
Other receivables and deposits	-	229,973	229,973
Fixed deposits with licensed banks	-	2,068,148	2,068,148
Cash and cash equivalents	581,035	2,349,315	2,930,350
	-----	-----	-----
	862,180	5,884,028	6,746,208
	-----	-----	-----
<b>Financial Liability</b>			
Other payables and accruals	8,093	3,746,324	3,754,417
	-----	-----	-----
Net financial assets	854,087	2,137,704	2,991,791
	=====	=====	=====

#### Foreign currency risk sensitivity analysis

A 5% weakening of the RM against the Euro at the end of the reporting period would have increased surplus for the financial year by approximately RM39,000. This assumes that all other variables remain constant. In previous financial year, a 5% weakening of the RM against the Euro at the end of the reporting period would have increased surplus for the financial year by approximately RM32,000. This assumes that all other variables remain constant.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Chamber's exposure to interest rate risk arises mainly from interest-bearing financial assets. The Chamber's policy is to obtain the most favourable interest rates available. Any surplus funds of the Chamber will be placed with licensed financial institutions to generate interest income.

The Chamber is not exposed to interest rate risk as the interest-bearing financial assets carry fixed interest rates. As such, sensitivity analysis is not disclosed.

#### (b) Credit risk

The Chamber's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Chamber manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Chamber minimises credit risk by dealing exclusively with high credit rating counterparties.

*Credit risk concentration profile*

The Chamber does not have any major concentration of credit risk related to any individual customer or counterparty.

In addition, the Chamber also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

	2023 RM	2022 RM
Germany	313,408	306,339
Singapore	14,390	10,940
China	7,295	14,310
Australia	-	137
Netherland	1,660	1,660
United States	-	1,660
Hong Kong	1,660	-
Malaysia	1,211,185	1,182,691
	-----	-----
	1,549,598	1,517,737
	=====	=====

*Maximum exposure to credit risk*

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Chamber after deducting any allowance for impairment losses (where applicable).

*Assessment of impairment losses*

At each reporting date, the Chamber assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when the receivable is in significant financial difficulties.

The Chamber considers a receivable to be in default when the receivable is unlikely to repay its debt to the Chamber in full or is more than 120 days past due.

*Trade Receivables*

The Chamber applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for its trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Chamber's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

The Chamber measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The Chamber believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

*Other Receivables*

The Chamber applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach. Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Chamber considers the receivable's past payment status and its reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

No expected credit loss is recognised on other receivables as it is negligible.

*Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Chamber considers licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Chamber is of the view that the loss allowance is immaterial and hence, it is not provided for.



## (c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Chamber practises prudent risk management by maintaining sufficient cash balances.

*Maturity analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

2023	Effective interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>						
Other payables and accruals	-	4,564,755	4,564,755	4,564,755	-	-
Lease liabilities	5.7% - 6.5%	2,873,259	3,367,180	704,239	2,662,941	-
		<u>7,438,014</u>	<u>7,931,935</u>	<u>5,268,994</u>	<u>2,662,941</u>	<u>-</u>
2022						
<i>Non-derivative financial liabilities</i>						
Other payables and accruals	-	3,754,417	3,754,417	3,754,417	-	-
Lease liabilities	6.20	3,413,815	4,071,419	704,239	2,816,955	550,225
		<u>7,168,232</u>	<u>7,825,836</u>	<u>4,458,656</u>	<u>2,816,955</u>	<u>550,225</u>



## 15.2. CAPITAL RISK MANAGEMENT

The Chamber manages its capital to safeguard the Chamber's function, which is to promote bilateral trade, services and investments between Malaysia and Germany and to provide capital for the purpose of strengthening the Chamber's operational efficiency.

The Chamber regularly reviews and manages its capital to ensure adequacy for both operational and capital needs. All surpluses are transferred to the accumulated fund for future operational.

## 15.3. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023 RM	2022 RM
<b>Financial assets</b>		
Trade receivables	1,549,598	1,517,737
Other receivables and deposit	214,514	229,973
Fixed deposits with licensed banks	2,309,034	2,068,148
Cash and cash equivalents	3,539,887	2,930,350
	=====	=====
	7,613,033	6,746,208
	=====	=====
<b>Financial liability</b>		
<u>Amortised cost</u>		
Other payables and accruals	4,564,755	3,754,417
	=====	=====

## 15.4. FAIR VALUE INFORMATION

At the end of the reporting period, there were no financial instruments carried at fair values on recurring basis in the statement of financial position.

The fair values of the financial assets and financial liabilities of the Chamber that maturing within the next 12 months approximated their carrying amounts due to the relatively short- term maturity of the financial instruments.

MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS  
Pursuant to Section 251(2) of the Companies Act 2016

We, Florian Franz Herrmann and Tim Groth, being two of the directors of Malaysian-German Chamber Of Commerce And Industry, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 39 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and financial performance and cash flows of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

On behalf of the Board



FLORIAN FRANZ HERRMANN  
Director



TIM GROTH  
Director

25 MArch 2024

MALAYSIAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY  
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, Florian Franz Herrmann (Passport No.: C7W86J9F7), being the director primarily responsible for accounting records and financial management of Malaysian-German Chamber Of Commerce And Industry., do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 10 to 39 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared  
by the abovenamed  
Florian Franz Herrmann  
at ~~Melaka~~, **KUALA LUMPUR**  
in the State of ~~Melaka~~ **NEGERI SEMBILAN PERSEKUTUAN**  
this 25 March 2024



FLORIAN FRANZ HERRMANN

Before me:



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