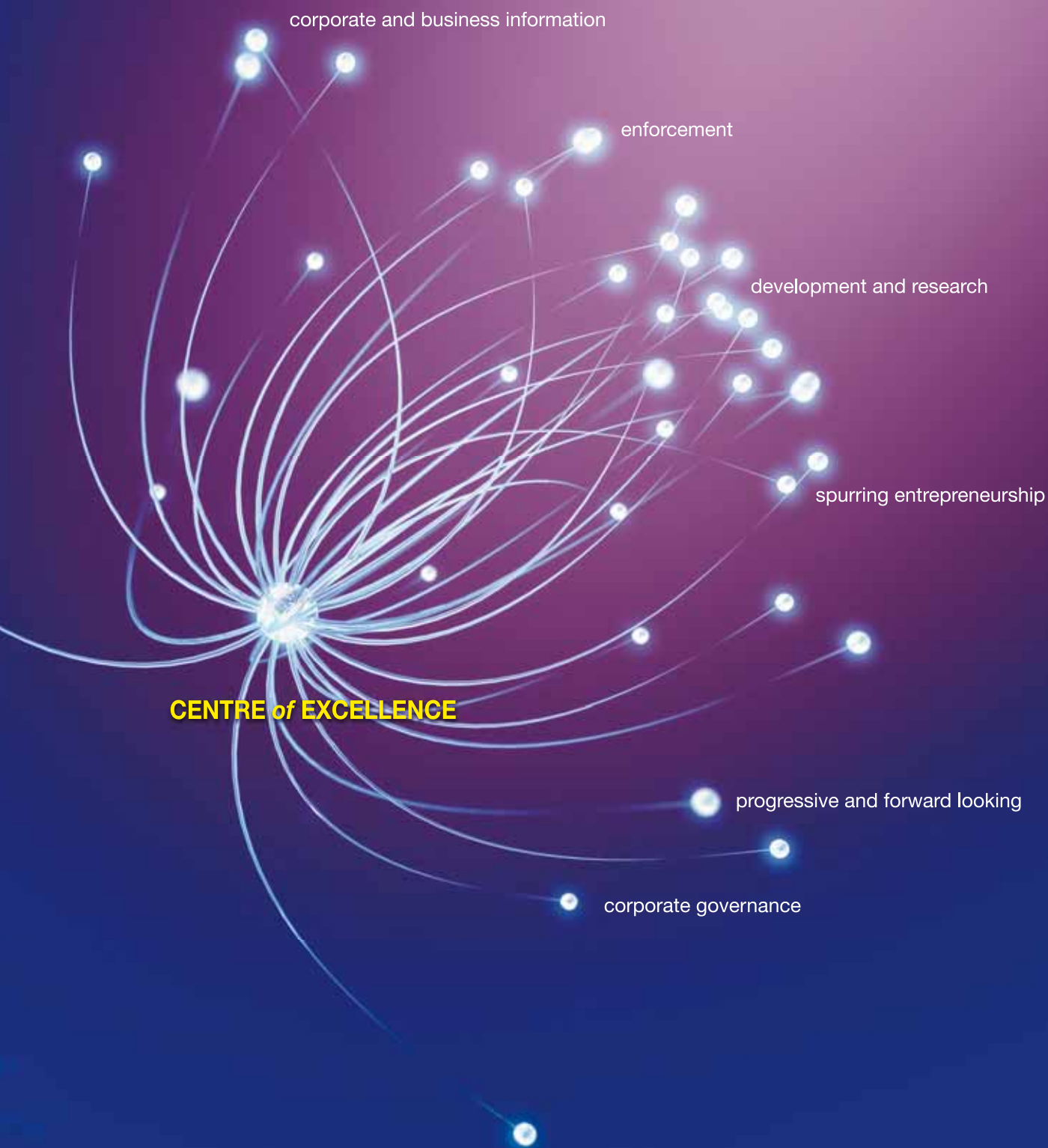




SURUHANJAYA SYARIKAT MALAYSIA  
COMPANIES COMMISSION OF MALAYSIA

## Annual Report 2006



corporate and business information

enforcement

development and research

spurring entrepreneurship

**CENTRE of EXCELLENCE**

progressive and forward looking

corporate governance







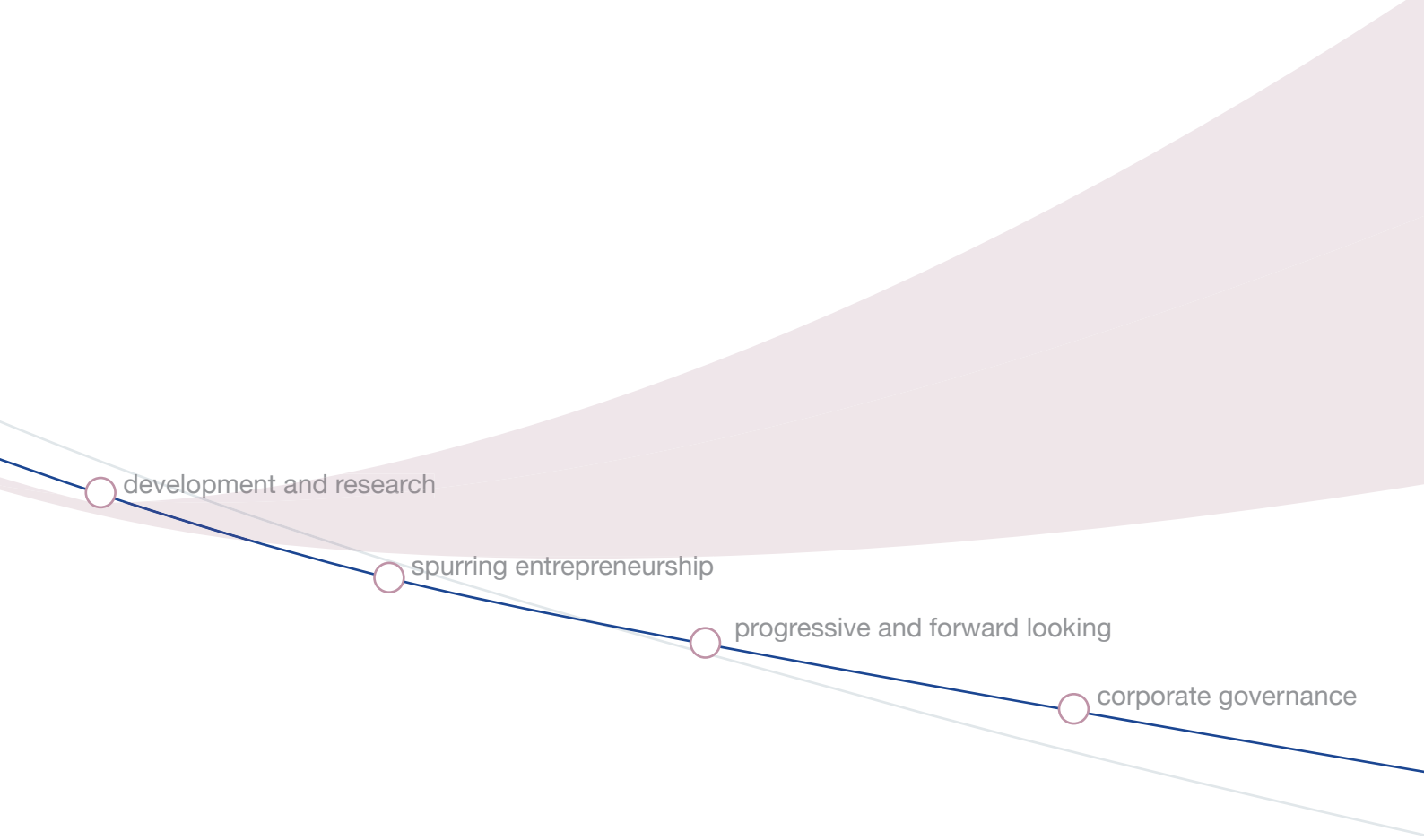
# Centre of Excellence

○ corporate and business information

○ enforcement

## Contents

4	Minister's Foreword
7	Chairman's Message
10	Members Of The Commission
19	Ceo's Highlights Of The Year
26	Key Achievements In 2006
26	Strategy 1: Enhanced Service Delivery, Innovative IT Initiatives
36	Strategy 2: Effective Enforcement, Continuous Education
55	Strategy 3: Regulatory Framework Reviewed, Keeping Up With Times
59	Strategy 4: Product/Service Innovation, Sustainable Financial Growth
64	Strategy 5: Reach Out, A Good Corporate Image Upheld
69	Strategy 6: Develop Human Capital, Competent Services At All Times
73	Key Statistics – Corporate & Business Data 2006
83	Meeting Future Challenges
88	Companies Commission Of Malaysia (SSM)
92	Our Organisation Structure (Up To 31.12.2006)
94	New Organisation Structure (W.e.f. 01.01.2007)
96	SSM Divisions, Sections & Units (W.e.f. 01.01.2007)
101	SSM Committees
102	Calendar Of Events
108	How To Find & Contact Us
111	Financial Statements



development and research

spurring entrepreneurship

progressive and forward looking

corporate governance



## ● Minister's Foreword

Datuk Hj. Mohd. Shafie Hj. Apdal

Minister of Domestic Trade and Consumer Affairs

*Assalamualaikum w.b.k.t dan salam sejahtera,*

2006 was a significant year in which the much-anticipated Ninth Malaysia Plan (2006-2010) was launched. One of the key thrusts of the Plan, which my Ministry and SSM is tasked to carry out, is to strengthen the institutional and implementation capacity by promoting good governance, enhancing the public service delivery system and promoting development through international cooperation.

As the Government of Malaysia puts its focus on moving the economy up the value chain, the private sector is expected to resume its role as the engine of growth. In recent years, the wide-spread use of information and communications technology has increased the diversity and speed of business transactions. My Ministry together with SSM's efforts to encourage active entrepreneurship while upholding strict compliance with the regulatory framework will be fully tested as the number of companies and businesses continue to grow over time.

The upgrade and further development of SSM's information and communications technology have enabled it to increase its ability to prepare its workforce in coping with the new and changing global environment. SSM's improved technology has resulted in improved service delivery. This links well with the Government's initiative to have a modern public service delivery system – a totally electronic governing system where integration and sharing of know-how is possible, for the benefit and ease of the people.

SSM has launched online services and opened new offices while making the effort to be more efficient and people-friendly in all aspects. The resulting achievements are testimony of SSM's commitment towards achieving its strategic vision. Everyone can aspire but not many see things through, especially when immense change and a large number of employees are involved. The sheer amount of coordination and communication takes great effort and resolve. In this aspect, SSM has indeed done well and achieved its targets for the year.

Its efforts to combat corporate governance misconduct and nationwide efforts to educate the public on its serious commitment to enforcement efforts were regularly highlighted in media reports and publications. While enforcement and surveillance activities were increased, SSM also strived to make it easier for people to comply with the regulatory framework and requirements through strategic initiatives and education programmes. Only with knowledge and understanding could there be voluntary recognition, acceptance and practice of compliance and adherence to regulations.

I have also been monitoring details of cases prosecuted and enforcement initiatives by SSM. I am proud to state its implementation of preventive measures, education and swift regulatory action when necessary has been exemplary. SSM is serious in enforcing the law as various matters of importance hinge on a strict enforcement of compliance,

Minister's Foreword (cont'd.)

including the enhancement of domestic trade as well as foreign direct investments. SSM will continue to work closely with stakeholders and members of the public to fulfil their needs and expectations with a high quality of service delivery as befitting a nation of excellence.

On the international front, input from SSM and the Working Committee established by the National Productivity Corporation (NPC), an agency of the Ministry of International Trade and Industry, was submitted to the International Institute for Management Development (IMD) in Switzerland. On the overall scoreboard, the World Competitiveness Yearbook 2006 has reported Malaysia's improved position at 23rd out of 61 (27th position in 2005), ahead of Germany (ranked 26th), Thailand (32nd), France (35th) and South Korea (38th) amongst others. Aspects such as economic performance, government efficiency, business efficiency and infrastructure were all taken into consideration before the ranked list was established and announced.

As our Government sets about making rigorous efforts to develop Malaysia into an advanced economy with balanced social development, focus must continue to be placed on the need for a nation of people who are knowledgeable, skilled and progressive in outlook and practice. This aspiration has been impressed upon all public service agencies which play a vital role in the improvement of the public service delivery system.

Malaysia's population has evolved over time and so have their needs and expectations. For both experienced foreign investors with expectations of services on par with what they receive in more developed nations and local entrepreneurs with basic but equally crucial requirements, speed and ease of public services are fundamental aspects appreciated by all. SSM as the nation's corporate and business registry and regulator, has a key role to help nurture an honest and thriving business environment. With good corporate governance as the foundation of building a business, the community and, in turn, our nation, too will thrive and prosper.



Datuk Hj. Mohd. Shafie Hj. Apdal  
Minister of Domestic Trade and Consumer Affairs





## Chairman's Message

DATO' SERI TALAAT HJ. HUSAIN

● Companies Commission of Malaysia

*Assalamualaikum w.b.k.t dan salam sejahtera,*

2006 has been a year of many outstanding achievements for SSM. It was a year which witnessed various SSM accomplishments, many of which were not even thought possible just a few years back.

The highlight of such achievements was when SSM was specifically referred to in the Ninth Malaysian Plan (under paragraph 25.09) and commended for the increase in its surveillance and enforcement activities as well as its continuous public awareness campaigns, including education programmes which had directly led to the year to year increase in the compliance rate from 44% in 2003 to 71% in 2005 in terms of lodgement of annual returns with SSM.

In 2006, SSM's well-planned and well-executed initiatives have resulted in the achievement of a 80.22% compliance rate and I am proud to announce that such a high compliance rate is comparable to other developed jurisdictions such as the United Kingdom, Australia, Hong Kong and New Zealand. I believe such achievements will serve as catalysts for many other successes in the years to come.

With these accomplishments, SSM has strategically positioned itself towards achieving the vision "To be the centre of excellence for corporate information, regulation and development, responsive to a dynamic business environment and towards enhancing national economic competitiveness". This is indeed in tandem with the five-year Strategic Direction Plan which was drawn up in 2003, and is intended for full implementation and effect by 2008. The feats accomplished in 2006 are all tied to sheer determination and hard work from every member of SSM in ensuring the execution of SSM's Strategic Direction Plan. In doing so, employees of SSM have not sought fleeting triumphs, but a strategic development that would ensure sustainable and enhanced progress in the years ahead.

In pursuing its vision, SSM has simultaneously succeeded in re-branding the organisation as a whole. SSM's re-branding programme is unique in that it has implemented a comprehensive and holistic approach by restructuring its human capital, training and instilling technical skills to create capable and efficient employees, enhancing its public delivery system, expanding the line-up of products and services, executing active enforcement initiatives and creating better public awareness. As a result, there has been a significant increase in the productivity of SSM's workforce.

Chairman's Message (cont'd.)

Services and products such as the mobile business registration counters and corporate and business information databases have benefited both the business community and the public tremendously. Ongoing outreach programmes and consistent enforcement initiatives have created awareness and elevated the Malaysian corporate culture to a new level.

The phrase “corporate governance” is no longer a subject for discussion exclusively amongst the business community, but also by members of the public. This is the essence of corporate re-branding, which SSM has continuously striven to develop and sustain throughout the years. For all the concerted and tireless efforts by its entire workforce, SSM has now earned an exceptional standing amongst the regulatory authorities in Malaysia, and has been commended as an exemplary institution by the Government.

It is my wish that SSM will continue to demonstrate operational excellence in the provision of services to the Malaysian public, whilst fulfilling its functions and duties as a regulator with fortitude and heart.



Dato' Seri Talaat Hj. Husain  
Chairman  
Companies Commission of Malaysia

# Members of the Commission



*from left to right*

**Datuk Dr. Abdul Samad Hj. Alias**

**Dato' Idrus Harun**

**Siti Halimah Ismail**

**Hj. Abdillah Hj. Abdul Hamid**

**Y.B. Razali Ibrahim**

**Zaiton Mohd Hassan**

**Dato' Seri Talaat Hj. Husain** *(Chairman)*

**Abdul Karim Abdul Jalil** *(Chief Executive Officer)*



Members of the Commission (cont'd.)



**Dato' Seri Talaat Hj. Husain**  
(Chairman)

**Qualifications**

Master's in Professional Studies  
(International Planning)  
*Cornell University, United States*  
Advanced Management Program  
*Harvard Business School, United States*  
Senior Executive Program  
*London Business School, United Kingdom*  
Bachelor of Social Science (Hons)  
*Universiti Sains Malaysia*  
Secondary Education  
*Malay College Kuala Kangsar*

**Term of Office**

26.07.2004 – 28.02.2007

**Experience**

Dato' Seri Talaat started his civil service career in 1973 as Assistant State Secretary, Penang, and has held various influential positions in several government agencies and ministries. Amongst the most notable positions are Mayor of Ipoh, Perak and Secretary General of the Ministry of Youth and Sports. In July 2004, he was appointed Secretary General of the Ministry of Domestic Trade and Consumer Affairs, a position he held until his retirement on 27 January 2007. Dato' Seri Talaat is also a board member of Malaysian Communications and Multimedia Commission, Malaysian Intellectual Property Corporation and Outward Bound School Trust of Malaysia.

## Members of the Commission (cont'd.)



**Mohd. Zain Mohd. Dom**  
(Chairman)

**Qualifications**

Bachelor of Social Science (Hons)  
*Universiti Sains Malaysia*

**Term of Office**

01.03.2007 - present

**Experience**

Encik Mohd. Zain started his career in the diplomatic service in 1976 and has, amongst others, held the positions of Principal Assistant Director of the International Trade Division as well as Assistant Permanent Malaysian Representative to Geneva and Deputy Permanent Representative to the United Nations, Geneva (International Trade Division). Other notable appointments include being Minister Counsellor for Economic Affairs of both the Malaysian Permanent Representative Office to the European Union (EU), Brussels and the Malaysian Permanent Representative Office to the World Trade Organisation (WTO), Geneva.

He was Lead Negotiator for the Malaysia-Australia Free Trade Agreement (FTA), the Malaysia-New Zealand FTA as well as the ASEAN-Australia-New Zealand FTA negotiations in 2005 and 2006.

Encik Mohd. Zain was appointed Secretary General of the Ministry of Domestic Trade and Consumer Affairs on 6 February 2007 upon the retirement of Dato' Seri Talaat Hj. Husain on 27 January 2007. He was appointed Chairman of the Companies Commission of Malaysia on 1 March 2007.

Members of the Commission (cont'd.)



**Abdul Karim Abdul Jalil**  
(Chief Executive Officer)

**Qualifications**

LLB (Hons) – *University of Malaya*

**Term of Office**

01.11.2005 – present

**Experience**

Encik Abdul Karim's public service career encompassed senior positions such as Deputy Public Prosecutor at the Attorney General's Chambers, Senior Federal Counsel at the Department of Inland Revenue Malaysia (now known as the Inland Revenue Board of Malaysia), Deputy Public Prosecutor of the Attorney General's Chambers in Penang and Perlis as well as Sessions Court Judge in Kota Kinabalu, Kuala Lumpur and Melaka.

Encik Abdul Karim was Head of the Appeals Unit at the Prosecution Division of the Attorney General's Chambers at the end of 2000. In 2001, he was appointed Director of the Enforcement Division at the Securities Commission, and subsequently as Director of the Enforcement and Legal Division at the Anti-Corruption Agency between 1 May 2004 and 31 October 2005. He was appointed Chief Executive Officer of the Companies Commission of Malaysia on 1 November 2005. Encik Abdul Karim is also a board member of the Labuan Offshore Financial Services Authority (LOFSA) as well as a member of the Foreign Investment Committee (FIC) and the Financial Reporting Foundation.



## Members of the Commission (cont'd.)

**Dato' Idrus Harun****Qualifications**

LLB (Hons) – *University of Malaya*

**Term of Office**

16.04.2002 – present

**Experience**

Since beginning his career as a Legal Officer in 1980, Dato' Idrus has served in various significant positions which include Senior Assistant Registrar of the Kuala Lumpur High Court, Sessions Court Judge in Kota Kinabalu, Deputy Public Prosecutor of the Attorney General's Chambers, Legal Adviser for the State of Terengganu, Senior Federal Counsel of the Anti-Corruption Agency and Legal Adviser for the Election Commission. He was the Registrar of Companies from 1998 to 2002. Thereafter, he resumed his service at the Attorney General's Chambers as Head of the Advisory and International Division and as Parliamentary Draftsman before his current position as Solicitor General. Dato' Idrus also served as a member of the Labuan Offshore Financial Services Authority (LOFSA), Securities Commission and Foreign Investment Committee (FIC), amongst others. At present, he is a member of the Malaysia-Thailand Joint Authority (MTJA) and the Retirement Fund (Incorporated).

**Datuk Dr. Abdul Samad Hj. Alias****Qualifications**

Bachelor in Commerce

*University of Western Australia*

Fellow of the Institute of

Chartered Accountants, Australia

Member of the Malaysian Institute of Accountants (MIA)

Member of the Malaysian Institute of Certified Public Accountants (MICPA)

**Term of Office**

16.04.2002 – present

**Experience**

Datuk Dr. Abdul Samad is a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA). At present, he is Non-executive Chairman of Ernst & Young Malaysia. He is also a board member of Lembaga Tabung Haji, TH Plantations Berhad, Felda Holdings Berhad and Perbadanan Kemajuan Iktisad Negeri Kelantan as well as Chairman of Malaysian Venture Capital Management Berhad and Malaysia Debt Ventures Berhad.

Members of the Commission (cont'd.)



**Zaiton Mohd Hassan**

**Qualifications**

Fellow of the Chartered Association of Certified Accountants (FCCA), UK  
Member of the Malaysian Institute of Certified Public Accountants (MICPA)

**Term of Office**

23.12.2003 – present

**Experience**

Puan Zaiton served as an auditor with Pricewaterhouse (PricewaterhouseCoopers) and thereafter joined Bank Pembangunan (M) Berhad. She then served Maybank for 12 years before becoming President of Malaysian Rating Corporation Berhad (MARC) from 1996 to 2004. Puan Zaiton is currently the Managing Director of Capital Intelligence Advisors Sdn Bhd. She is a board member of Credit Guarantee Corporation Malaysia Berhad and Bank Islam Malaysia Berhad as well as a director of various public listed companies including Malaysian Industrial Development Finance Berhad (MIDF).



**Hj. Abdillah Hj. Abdul Hamid**

**Qualifications**

LLB dan LL (*Licence of Law*)  
*University of Buckingham, United Kingdom*

**Term of Office**

15.06.2004 – present

**Experience**

Tuan Hj. Abdillah was an officer of the Royal Malaysian Police (PDRM) and held the position of Police Inspector from 1975 to 1979. He has also worked as a Legal Executive with legal firms in Kota Kinabalu and Tawau in Sabah. In 1984, Tuan Hj. Abdillah was appointed as the Deputy Minister of Rural and Regional Development. He has extensive experience in the field of international relations and has undertaken research and analysis, on the sponsorship of the Asia Foundation, in comparing legislative councils in the United States and ASEAN countries.

## Members of the Commission (cont'd.)

**Y.B. Razali Hj. Ibrahim****Qualifications**

LLB (Hons)

*Universiti Kebangsaan Malaysia***Term of Office**

01.04.2006 – present

**Experience**

The Honourable Razali Hj. Ibrahim was appointed as a Member of the Commission for the Companies Commission of Malaysia with effect from 1 April 2006. Previously, he served as a Legal Assistant at Messrs Lee Hishamuddin (Advocates & Solicitors) and was also a director of several companies, including SP Setia Bhd, until his resignation in 1999. Thereafter, he was appointed as Private Secretary to the Minister of Youth and Sports Malaysia, a position he held until March 2004. He is currently Member of Parliament for Muar, Johor and Head of Umno Youth Johor. He is also a partner of the legal firm Messrs Gideon Tan Razali Zaini.

**Siti Halimah Ismail****Qualifications**

Masters of Science (Demography)

*London School of Economics, United Kingdom*

Bachelor in Economics

*University of Malaya*

Diploma in Public Administration

*National Institute for Public**Administration (INTAN)***Term of Office**

01.06.2006 - present

**Experience**

Puan Siti Halimah was appointed as a Member of the Commission for the Companies Commission of Malaysia with effect from 1 June 2006. She started her career in public service at the Economic Planning Unit of the Prime Minister's Department in 1981. She has served at the Tax Analysis Division of the Treasury, Ministry of Finance from 1991 until the present. She is currently the Senior Deputy Under Secretary of the Tax Analysis Division as well as a board member of the National Professional Services Export Council (NAPSEC) of Malaysia External Trade Development Corporation (MATRADE).

“SSM’s efforts to encourage active entrepreneurship while upholding strict compliance with the regulatory framework will be fully tested as the number of companies and businesses continue to grow over time.”

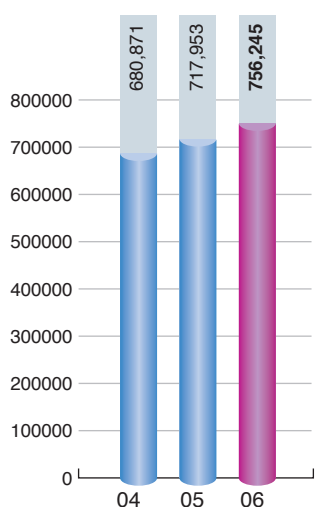
– Datuk Hj. Mohd. Shafie Hj. Apdal  
Minister of Domestic Trade and Consumer Affairs

Malaysia: Total Number of Companies, Businesses & Population

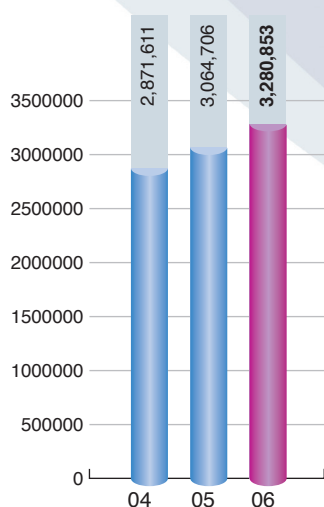
Year	SSM Register at 31 December		Population (Malaysia)
	Total Number of Companies	Total Number of Businesses	
2004	680,871	2,871,611	25.58 million
2005	717,953	3,064,706	26.13 million
<b>2006</b>	<b>756,245</b>	<b>3,280,853</b>	<b>26.64 million</b>
<b>Annual Change (2005-2006)</b>	<b>5.3%</b>	<b>7.1%</b>	<b>1.95%</b>

**Source** : SSM and Department of Statistics Malaysia

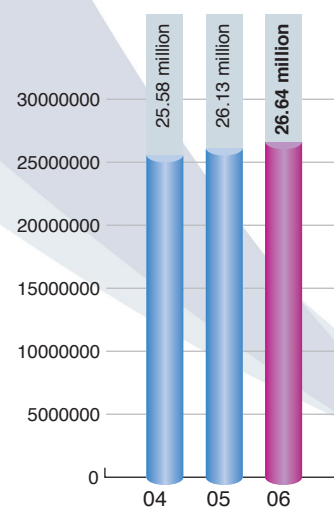
**Note** : The total number of companies and businesses established has a direct correlation to the (growing) population.



Total Number of Companies  
Annual Change (2005 - 2006) 5.3%



Total Number of Business  
Annual Change (2005 - 2006) 7.1%



Population (Malaysia)  
Annual Change (2005 - 2006) 1.95%



## CEO's Highlights of the Year

Abdul Karim Abdul Jalil  
Chief Executive Officer  
Companies Commission of Malaysia

*Assalamualaikum w.b.k.t dan salam sejahtera,*

SSM had implemented significant strategies to realise its targets in 2006. Concurrently, we continued to remain committed to SSM's charge as a key national agency that services the public community in a competent and professional manner at all times.

### **Objectives and targets**

There is always room for improvement in everything that we do and this has led to the development of specific strategies and action plans for SSM which were systematically put into action in 2006. This has been a productive year. The entire workforce adjusted well in mindset and attitude and committed all their efforts to work through six key strategies, setting into motion their respective action plans while meeting other various challenges that appeared during the year.

I am pleased to announce that the resulting outcomes were encouraging.

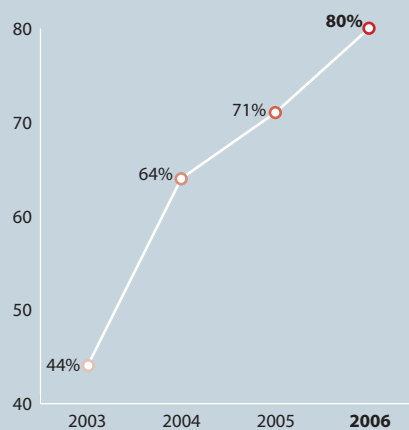
### **Equipped for change**

Within a constantly evolving business landscape that is vigorous and challenging, there may be companies or business owners who gives emphasis only on the aspect of gains and losses of doing business and falter on other seemingly less vital aspects such as corporate governance. I believe that a balanced enforcement approach to educate and inform on the requirements of the law and the benefits of compliance will work well in ensuring that good corporate governance becomes a vested interest to every one of these stakeholders.

Balanced enforcement is a holistic approach adopted by SSM involving enforcement through administrative action for breaches as well as prosecution of offences and continuous education initiatives. Enforcement through administrative action is meant to instill awareness and educate the corporate community on the various breaches of the relevant laws through issuance of notices, show cause letters, warning letters and where necessary, compounds for any breach of the relevant laws (see page 38). Prosecution of offences is undertaken against companies, directors, company secretaries and auditors to set examples and achieve a deterrent effect, with the ultimate aim of ensuring good corporate governance practices are embraced. Concurrently, continuous education and awareness programs such as forums, seminars, dialogues, seminars and publications of articles conducted by SSM throughout the year were aimed to create a knowledgeable, informed and responsible business community.

## CEO's Highlights of the Year (cont'd.)

In realizing the importance of human capital, we have also looked inwards and recognised the need to sufficiently arm and equip ourselves in order to embrace the changes occurring around us. Knowledge is a fundamental aspect that we instil in our employees through a variety of specialised training and skills enhancement programmes. By constantly encouraging our employees to continuously enhance their knowledge and skills in order to operate our systems and run our business effectively, we are determined to deliver outstanding quality to meet the expectations of increasingly sophisticated customers today. Through the demonstration of competence in our functions, duties and responsibilities, SSM fosters a close and mutually beneficial relationship with the customers we serve.



The results of effective enforcement activities by SSM can be seen from an ever increasing compliance rate: **44%** (2003) => **64%** (2004) => **71%** (2005) => **80%** (2006)

### Achievements to be proud of

In particular, I am especially pleased with the effective enforcement and surveillance efforts in 2006 when the total number of companies and businesses prosecuted increased (see page 49). The value of compounds collected amounted to RM 36 million – a 58.6% increase from the year before (RM 22.7 million in 2005) (see page 42). In terms of annual returns lodged with SSM, we achieved a compliance rate of 80.22% against the target compliance rate of 80% for the year.

The Ninth Malaysia Plan (under paragraph 25.09) commended SSM's effort in ensuring the continuous increase in compliance rate for annual returns lodged by companies from year to year. The achievement is due to a comprehensive outreach programme which includes education and awareness initiatives (see page 52-54) which is firmly backed by the balanced enforcement approach undertaken by SSM.

CEO's Highlights of the Year (cont'd.)

I am also proud of the e-Info service launched in July 2006. Through this technological advancement, the public can now obtain and pay for company and business information via the internet at anytime and from any location at their convenience.

Our e-Lodgement service, in collaboration with the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) of the Prime Minister's Department, is another facilitator system to be implemented in 2007. This forward-looking initiative will enable electronic filing of business and company documents. A study and related necessary revisions have been undertaken to amend the Registration of Businesses Rules 1957 in order to facilitate e-Lodgement with the aim to further facilitate the public and achieve speedy business registration. Innovations such as dispensing with the requirement of attestation by Commissioner for Oaths by invoking the provision under the said Rules which imposes liability upon persons who make false or misleading statements will be among the highlights in 2007. Soon, the public will be able to enjoy the ease of electronic lodgement services which effectively reduces time and effort when compared to the in-person lodgement process.

In June, we collaborated with the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) to publish a guidebook which depicts the various types of statutory forms and explains the method to complete these forms fully and accurately. This effort is aimed at improving the quality of data and information in the huge amount of forms submitted to SSM. In addition, this publication will also help create a better general understanding of our requirements as a regulator for the corporate sector, which ultimately works to make things easier for business and company owners by minimising unnecessary mistakes and delays when lodging statutory forms at our offices.

More work has been done to solicit feedback and views for the ongoing Corporate Law Reform Programme. In the meantime, much has been achieved in relation to our internal initiative to table our proposal for the Companies (Amendment) Bill 2006 at the upcoming parliamentary session (see page 57).

We remain very committed to providing easy access to our services by the public. As such, SSM has established new branch offices located in various strategic towns and cities (i.e. Tawau, Miri and Langkawi) in 2006. This is a pertinent move on our part as many of these areas are targeted new development areas by the Government, where social and business growth is projected to flourish in the near future.

SSM has also become more dynamic and responds accordingly to recent trends and developments, both locally and internationally. In 2006, we organised a Joint Seminar with Malaysian Association of Golf and Recreational Club Owners Berhad (MAGRO) with the theme of 'Revitalising the Industry and Enhancing Membership Value' (SSM-MAGRO Joint Seminar, see page 65).

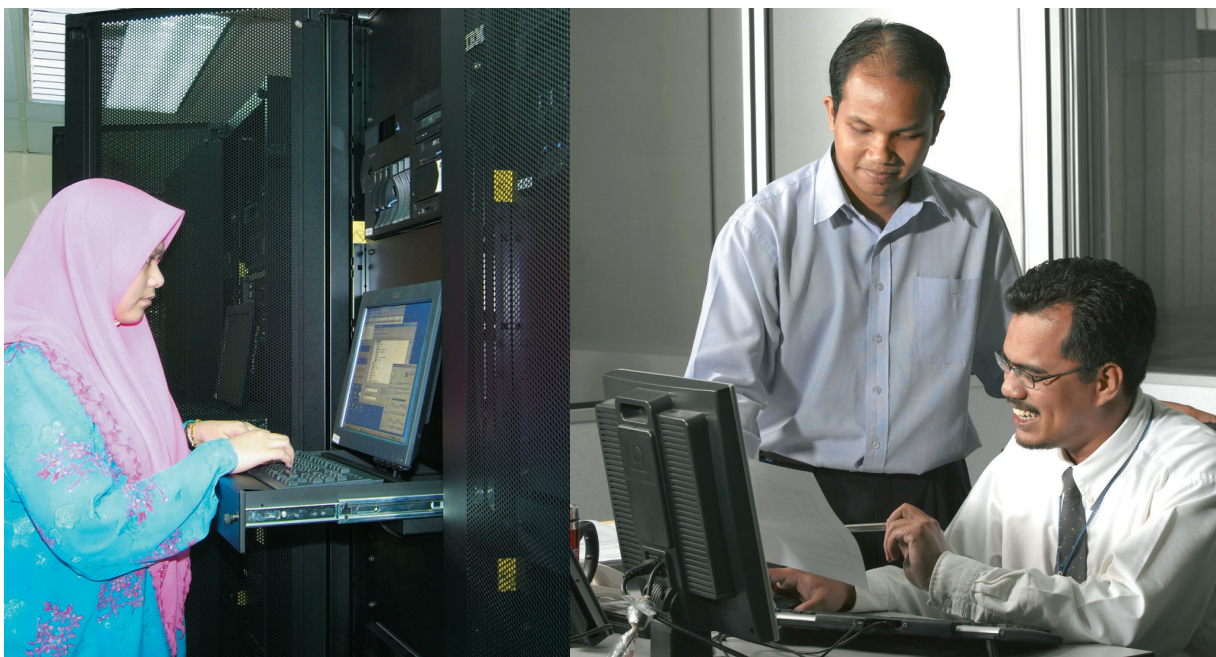


CEO's Highlights of the Year (cont'd.)

### Delivering efficient services to customers

Our revision of business process has successfully resulted in customers' waiting time to be greatly reduced. To cite a specific example, the time taken for a name application has been decreased from five days to one day as a result of decentralising the name application process. Since 16 May 2006, state offices have been authorised to process and issue approval for name applications conducted at their respective offices. Previously, this could only be done at our Head Office. This change has allowed a reduction in processing time, costs incurred as well as the overall waiting time for customers, which, in turn, lead to the faster incorporation of a new company (see Client Service Charter, page 28).

Likewise, we have continued to research and conduct dialogue with numerous stakeholders to continuously challenge and improve ourselves in order to provide a high quality of public service. Above all, feedback and comments from our customers are an important source of notification on shortcomings or grouses which need to be investigated and dealt with to ensure total customer satisfaction. I take a keen interest in the nature of complaints submitted to SSM. It is my personal mission to investigate every complaint and direct the resolution of any difficulty or dissatisfaction in order to strengthen public confidence in SSM. We place high value on the key issue of customer focus which allows us to listen to each of our customers and focus on their needs and satisfaction.



CEO's Highlights of the Year (cont'd.)

### **Protecting and maintaining corporate records**

As the registrar and custodian of crucial corporate information, we place great emphasis on the management of all our data and information as well as ensure their veracity and accuracy. Our IT infrastructure has been constantly upgraded to allow the storage and safeguarding of more records as well as facilitate the sharing and preservation (backup) of the data (see page 30). Further action would include improving the accuracy of the data in view of the impending initiative to strike off non-operational and dormant companies from our company register (see page 41).

### **Managing resources**

Without doubt, the successful management of our resources spread across 14 states is a difficult endeavour and requires a focused effort. With human capital being our overriding resource of importance, we place a premium on the key value of working together as a team to deliver results. Indeed, in 2006, our workforce relied strongly on teamwork and unequivocal commitment in performing their respective tasks as delegated by the strategies stipulated under the action plans for the year, specifically in clearing all backlog nationwide caused by problems associated with the migration of the old mainframe system to the new Company and Business System (CBS). As at the end of 2006, over 8 million images of business documents have been scanned.

The use of online systems to facilitate regular communication and exchange of updates as well as regularly held internal events and functions have also helped in the promotion of strong inter-employee relationships and a sense of belonging. SSM employees have shown positive response to all changes and, together, we are moving steadfastly ahead to embrace the performance-driven working culture introduced at the end of 2005.

### **A healthy balance sheet**

SSM had introduced new products and services as well as made strategic investments to produce diversified income sources in 2006. The sale of new products such as the Commemorative Certificates, Corporate Information Data, Corporate Information Listing & Statistical data, Guidebook In Completing Prescribed Forms, and the launching of new services such as the Business Registration Mobile Counters and Reminder Services (see page 59-60) have contributed to an increase in revenue in 2006 and income from these are expected to rise further in the future.

In 2006 a large portion of our budget was spent on improving and upgrading our IT system, the results and effects gleaned have been tremendously encouraging and advantageous, making the investment a worthwhile expenditure.

The systems, the methods, the performance drivers (key performance indicators) which were rolled out to all departments have paid off as we have achieved much in the past year

CEO's Highlights of the Year (cont'd.)

within a shorter period and with a healthy balance sheet as reflected in our year to year strong financial standing (see Financial Statements, page 111).

**Business practices are not driven by corporate culture –  
they reflect corporate culture.**

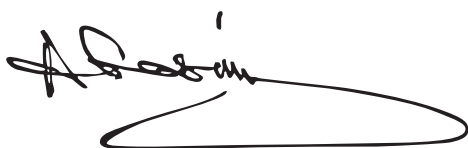
### **Audit for real sustainable progress**

All organisations, more so a corporate and business registry and regulator, need to possess checks and balance mechanism to ensure ethical conduct as well as a full and fair disclosure policy to their stakeholders. SSM maintains its corporate integrity and acquires the trust of the Government and the people of the nation through stringent internal audit activities that check and validate all aspects of our financial system, operations and performance.

Our Internal Audit Section, which consists of 11 employees, assists the Audit Committee in the discharge of its duties and responsibilities. Independent assessments and objective reports on the state of internal control and the extent of compliance with our established policies and procedures are prepared. A total of 22 audit assignments were carried out and completed in 2006. Findings, recommendations as well as follow-up on implementation for these, with regards to system and control weaknesses in all areas, contribute to sustainable economic development for our organisation as a whole.

### **Looking forward to 2007**

SSM looks forward to more challenges in the future as we strive to continuously improve our delivery system and enhance our corporate image. In the following section of this report, let us take a look at the achievements in the past year, and thereafter strive to work towards better achievements next year.



Abdul Karim Abdul Jalil  
Chief Executive Officer  
Companies Commission of Malaysia

# Key Achievements in 2006

Six strategies were drafted to achieve our vision and mission, and numerous action plans were formulated before the start of 2006. These were based on an approved budget allocation of RM85.8 million for operational expenses and RM19.38 million for capital expenditure.

Our efforts and accomplishments of these strategies and action plans are described as follows.

## Strategy 1:

### Enhanced service delivery, innovative IT initiatives

#### **Objective**

To develop and implement effective IT initiatives for excellence in customer service.

#### **What was done**

##### **Service delivery improvement:**

We improved our Client Service Charter and reduced waiting time for our customers.

##### **Completion of the IT migration project:**

We upgraded our server and improved our capacity to perform, resulting in faster business processes.

##### **Introduction of online e-services:**

We launched our e-Info services – visit [www.ssm.com.my](http://www.ssm.com.my) or [www.ssm-einfo.com.my](http://www.ssm-einfo.com.my).

##### **Ongoing development of the Disaster Recovery Centre:**

We outlined a detailed methodology to ensure our critical business systems are preserved in the event of any failure at the main data centre.



### Service Delivery improved

We have reviewed and revised our business processes to eliminate non value-added procedures and to shorten the processing time. This has been achieved through review of our process, dialogue with customers and stakeholders as well as benchmarking against authorities abroad.

A better work flow and more efficient system of doing things have reduced waiting time for our customers. A name application, for example, no longer takes five days to process – it can be done within a day pursuant to the decentralization of name approval from SSM's Head Office to the respective state offices. This was made possible with a good IT infrastructure in place.

Registration procedures for companies and businesses have been enhanced and service counters remained open during the lunch hour. The delivery timelines in our Client Service Charter have also been improved, as illustrated in the table below.

## Strategy 1 (cont'd.)

**CLIENT SERVICE CHARTER**

SSM undertakes to process, approve and register a complete application in a speedy and efficient manner within the time period stated as follows:

<b>Activity</b>	<b>Time (2005)</b>	<b>Time (2006)</b>
Registration of business	3 days	1 hour
Renewal of business registration	1 hour	15 minutes
Termination of business	1 day	30 minutes
Issue letter for approval of company name	5 days	1 day
Issue certificate for incorporation of a new company	5 days	1 day
Issue certificate for conversion of status	5 days	1 day
Issue certificate for change of company name	5 days	1 day
Issue certificate for commencement of business	5 days	1 day
Issue certificate for registration of charges	5 days	2 days
Issue certificate for approval of trust deeds/prospectuses	14 days	5 days

We promise to provide company and/or business information for each complete application in a speedy, accurate and efficient manner within the time period stated as follows:

<b>Activity</b>	<b>Time (2005)</b>	<b>Time (2006)</b>
Supply company/business information via computer printout	1 hour	30 minutes
Uncertified copy of company documents	1 hour	30 minutes
Certified copy of company documents	3 hours	1 hour

We provide computer amenities to facilitate the search of company and business names registered with SSM.

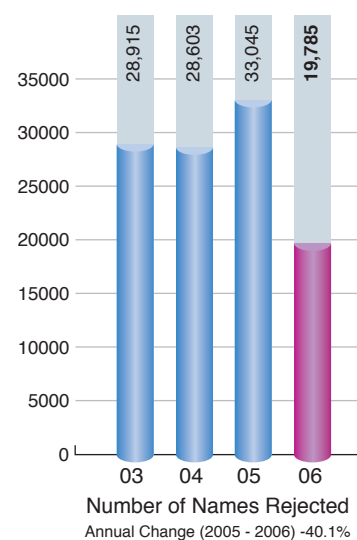
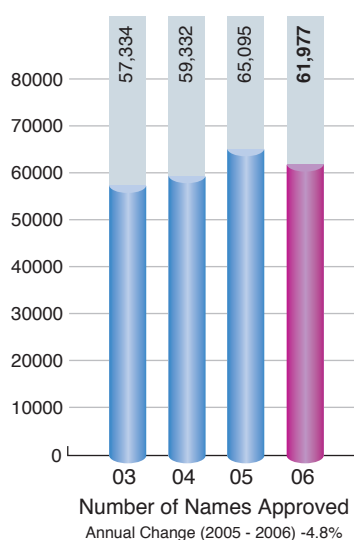
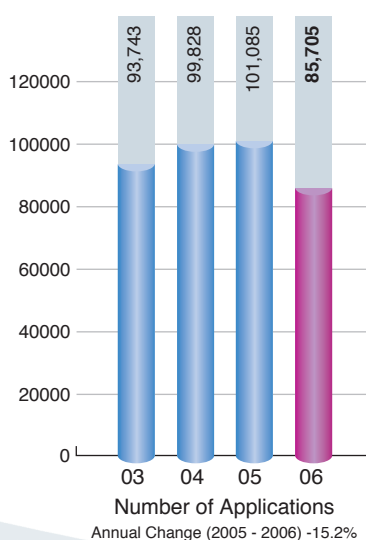
## Strategy 1 (cont'd.)

Registration of companies and businesses form the bulk of SSM's daily activities. With key performance indicators in place, we successfully managed and processed a larger volume of work in 2006. A greater number of new companies and businesses were registered in 2006 (up by 1.5% and 11.9% respectively).

SSM noted an increased trend where more people have become self-reliant in running name searches themselves using SSM's website and computer installed at SSM offices nationwide. As the applicants are now able to conduct name searches on their own, the number of applications to conduct name searches has reduced by 15.2% in 2006. The number of names rejected has also reduced drastically, by 40.1% in 2006, as the applicants know what not to apply for. SSM's internal operational guidelines for company name searches issued in June 2006 has liberalised the process for approving company names – this process is now more efficient and has been facilitated by allowing immediate results through an improved IT system.

### Company Name Search

Year	2003	2004	2005	2006	Annual Change (2005-2006)
Number of applications	93,743	99,828	101,085	<b>85,705</b>	- 15.2%
Number of names approved	57,334	59,332	65,095	<b>61,977</b>	- 4.8%
Number of names rejected	28,915	28,603	33,045	<b>19,785</b>	- 40.1%



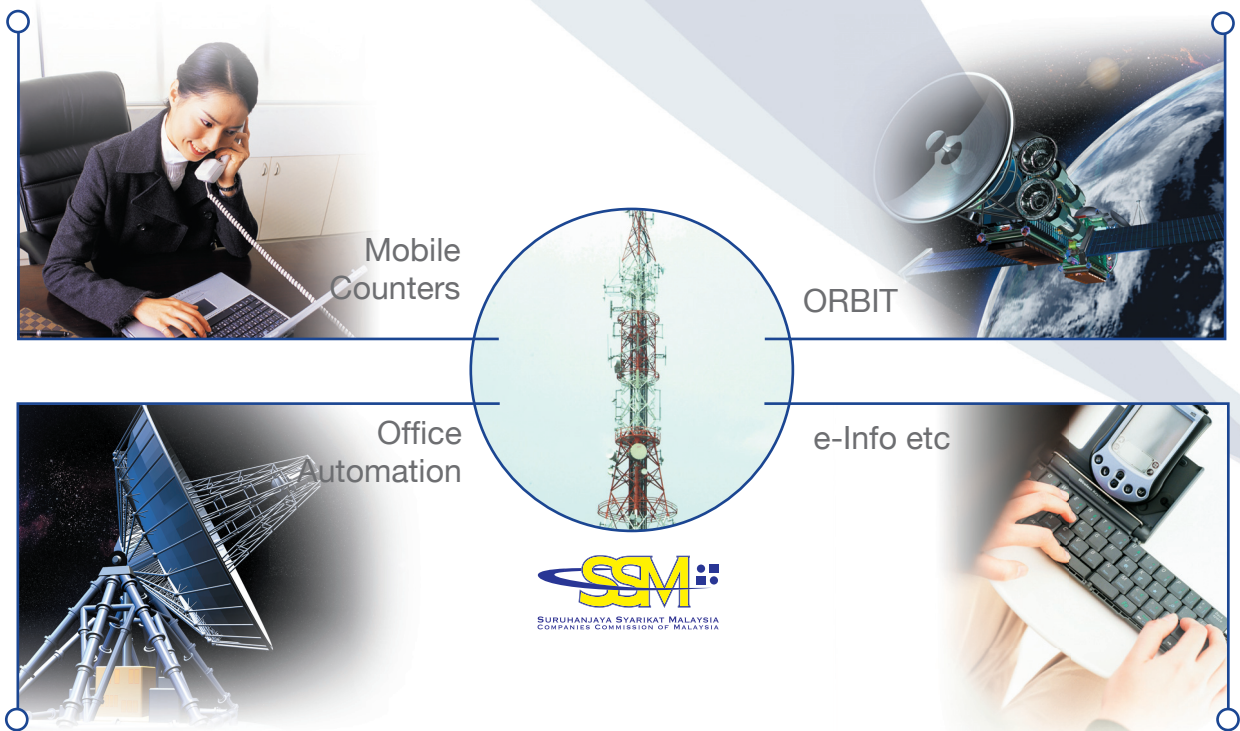
Strategy 1 (cont'd.)

### IT Services advancement

SSM serves its stakeholders and members of the public via two important corporate IT systems. The IDAMAN system (which scans and supplies digitised images of forms and documents) and the Company and Business System (CBS) were both upgraded to help improve and enhance our current operational requirements. Visible improvements in terms of the speed of doing things due to realigned business processes as well as higher computing power have been recorded. For example, the supply of images now only takes 30 minutes as compared to one hour previously. All systems' support is undertaken by SSM employees.

In 2006, apart from improving our services to our stakeholders, SSM also set out on various initiatives to enhance the working environment of its workforce from which we recorded marked improvements. SSM fully recognises the need for its workers to be mobile but with access to SSM systems in the course of discharging their duties. Consequently, further development to the Wireless Infrastructure and Mobile & Remote Access Services (MoRSe) has enabled SSM's workforce accessibility to information which enables them to perform their job functions at anywhere and anytime. In addition, MoRSe and the new IT infrastructure enabled long-distance communication – linking several of our core applications such as the mobile counters, office automation (corporate email), corporate systems (CBS etc.) and online services (e-Info). With a stable IT infrastructure and services, this virtual office and all its data can be accessed 24 hours a day, 7 days a week backed by competent in-house IT system support.

#### Mobile & Remote Access Services (MoRSe)





## Strategy 1 (cont'd.)

The improvements of IT infrastructure and systems is an ongoing process that requires the investment of time and effort. In 2006, numerous other IT initiatives were further introduced according to the approved action plan, namely:

- Departmental-based systems – The Human Resource Management System (HRMS) and the Financial Management System (FMS) as well as the Fixed Asset Tagging and Tracking System were implemented for the Human Resources Department, Finance and Accounts Department and Administration and Facilities Management Department;
- IT infrastructure – Reinforcing SSM's Wide Area Network (WAN) system as well as exploring the use of 3G/GPRS/Wifi and other wireless systems to support Mobile Counters activities;
- Corporate image – Revamping SSM's corporate website;
- Collaboration – Introducing Video Streaming to enhance the sharing of information; and
- Security perimeter – An Anti-spam Filtering System based on Open Source technology was also installed during the year.

SSM is committed in training its in-house IT employees and developing experts in their respective areas of specialties. For a start, to cultivate creativity, a mini studio (Multimedia Corner) was established to archive clips of official functions and other multimedia materials used in presentations and other events for future reference. The studio has also given birth to several multimedia and creative content development projects that further spur the drive for the sourcing of technology talents within SSM.

Having improved its ICT services, SSM's compliance to good ICT governance has led to the establishment of the first SSM ICT Policy Manual. The Policy Manual is divided into two sections, each respectively aimed at end users and technical users. The document is made available at our e-Portal (a community website developed by SSM's IT personnel to encourage and nurture a knowledge-sharing culture amongst SSM employees). This manual details our operations policy for ICT initiatives and is a useful reference for our employees, stakeholders and customers alike.

The race towards achieving greater efficiency and straight-through processing has had a positive impact at SSM. We recognise the need to provide a robust facility and framework for third parties to link up their systems with SSM. Our Intranet system is sound, although some final completion work is still in progress. From here, SSM's Extranet, which will link to other government agencies that also serve as custodians of public data, will be developed to allow exchange of information between systems. The immediate benefit would be minimising data entry leading to the reduction of data entry errors. SSM is seriously pursuing this avenue beginning of 2006 and well into 2007.

Strategy 1 (cont'd.)

### e-services introduced

SSM has set out to develop online electronic services for the benefit of our customers. In July, we launched the first phase of this initiative by introducing e-Info to the public. Accessible via a link from our website ([www.ssm.com.my](http://www.ssm.com.my) or [www.ssm-einfo.com.my](http://www.ssm-einfo.com.my)), it allows real-time searching, checking and obtaining of company and business information. An online payment facility is included so that customers can now research or acquire data from the comforts of wherever they may be, at any time of the day. From the customer's point of view, this saves time (they do not have to make a trip to a SSM office) and money (transport cost or the cost of using a runner to run the errand would cost more than obtaining it via e-Info). A single localised phone number for support services (1300-30-8686) was also implemented in 2006.

Our e-Lodgement service (formerly known as e-filing) is expected to ease the process of lodging documents. A smart collaboration with the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), e-Lodgement utilises the Government's Public Service Portal (PSP) via the website [www.gov.my](http://www.gov.my) as the platform to provide an electronic option to file both company and business documents to complement over-the-counter transactions. Phase 1 covering 25 online services involving companies and businesses will be introduced in the first quarter of 2007. Within the same phase, the PSP will also offer its first online transaction service with payment made using prepaid cards, credit cards and direct debit via the Financial Process Exchange (FPX). e-Lodgement, coupled with our currently operational e-Info service, will help improve Malaysia's standing in the world e-government ranking. These two electronic services will become SSM's landmark initiatives in its effort to establish its internet presence and be a dominant key player.

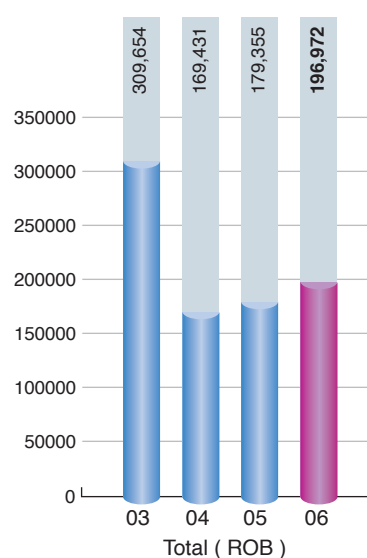
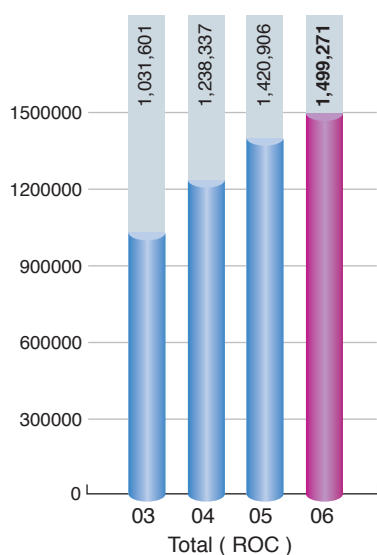
SSM has taken concrete measures to address anticipated problems of doing business in the virtual world when developing the e-Info and e-Lodgement online services. Quality of service (ease of use, system uptime), reliability (accessibility at all times, system availability) and security are some of the factors that have been identified and addressed as they are important to our customers.

The supply of company and business information whether over the counter or online via e-Info is a key part of our business. In 2006, there was a higher demand for company and business information (annual increase of 5.5% and 9.8% respectively). To meet this increasing demand, efforts are being made to introduce more products and services online for the convenience of our customers. Specific value-added information has also been compiled into Corporate Directories; and is available in the form of reference CDs (CD-ROMs) to cater to the various information needs of our customers.

Strategy 1 (cont'd.)

### Supply of Information

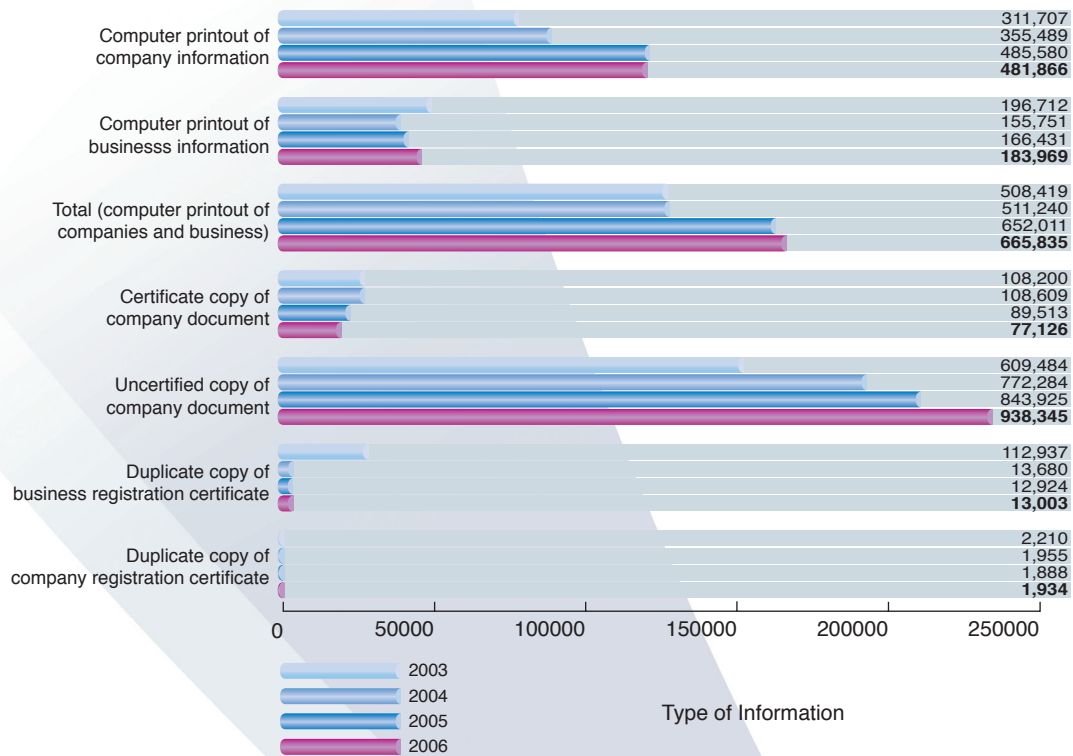
Year	2003	2004	2005	2006	Annual Change (2005-2006)
Total (ROC)	1,031,601	1,238,337	1,420,906	<b>1,499,271</b>	<b>5.5%</b>
Total (ROB)	309,654	169,431	179,355	<b>196,972</b>	<b>9.8%</b>



### Type of Information

Year	2003	2004	2005	2006	Annual Change (2005-2006)
Computer printout of company information	311,707	355,489	485,580	<b>481,866</b>	- 0.8%
Computer printout of business information	196,712	155,751	166,431	<b>183,969</b>	10.5%
<b>Total (computer printout for companies and businesses)</b>	<b>508,419</b>	<b>511,240</b>	<b>652,011</b>	<b>665,835</b>	<b>2.1%</b>
Certified copy of company document	108,200	108,609	89,513	<b>77,126</b>	- 13.8%
Uncertified copy of company document	609,484	772,284	843,925	<b>938,345</b>	11.2%
Duplicate copy of business registration certificate	112,937	13,680	12,924	<b>13,003</b>	0.6%
Duplicate copy of company registration certificate	2,210	1,955	1,888	<b>1,934</b>	2.4%

Strategy 1 (cont'd.)



### Methodology for Disaster Recovery established

SSM is committed to put in place an operational and comprehensive Disaster Recovery Centre (DRC). In 2006, we have outlined our disaster recovery plan and this has been systematically improved over time. A detailed methodology for preserving our critical business systems in the event of any failure at our main data centre was established, and this initiative will be an ongoing development.

An efficient machine which allows two copies of microfilm images to be produced on scanning of a document was deployed to enhance recovery in the event of loss. The primary copy is used to trace records when images of documents are not accessible through the imaging system whereas the duplicate copy which is stored off-site would serve as a precautionary and advance action plan against potential total loss of our archives.



*“Our Federation wishes to reaffirm our appreciation for the close rapport and working relationship between our two organisations since the promulgating of appropriate legislation in 1992 with the amendment of the Companies Act 1965, and introducing appropriate Policy Guidelines to regulate the holiday timesharing industry. This unique arrangement has enabled issues pertaining to our industry to be quickly resolved or clarified to the satisfaction of all parties without delay.*”

*As a direct result of this collaboration, we have witnessed changes to the Policy Guidelines to cater to new developments in our industry and, in the process, helped our industry to be one of the most well-regulated and sophisticated in this part of the world. In fact, our legal arrangement is held up as a model for similar proposed legislation in other Asian countries.”*

*Mr. Khor Poh Waa  
Chairman  
Malaysian Holiday Timeshare Developers' Federation (MHTDF)*



*“The launch of e-Info in July 2006 by SSM provided MAICSA members in particular a very useful tool in obtaining company and business information online. We look forward to future developments in enabling services to be provided or enjoyed online including the lodgement of all forms electronically ultimately.*”

*MAICSA is honoured to work closely with SSM again, this time to jointly produce the publication entitled ‘Guidebook on Prescribed Forms’, long-awaited by company secretaries in employment and in public practice. It addresses the frequent questions arising on how one should properly complete the various statutory forms affecting companies.*

*MAICSA has had a close working relationship with SSM and participated in various dialogues and consultative forums that provide an avenue to deliberate on issues relating to the regulation, maintenance and compliance of companies which include the technical issue of lodgement of statutory forms.”*

*Muhammad Hafidz Nuruddin  
President  
Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)*

**SSM is ready and prepared to uphold compliance with registration or lodgement requirements for Malaysia’s increasingly expanding business community.**

## Strategy 2:

### Effective enforcement, continuous education

#### Objective

To ensure compliance through effective enforcement, surveillance and continuous education.

#### What was done

##### Increase the compliance rate:

Increased regulatory action, administrative action and criminal sanction, together with our continuous education programme, have culminated in the achievement of a compliance rate of 80.22% which surpasses the 80% target for 2006.

##### Cooperation with other enforcement agencies:

29 of 32 cases involving serious breach of corporate governance have been disposed of after reference was made to the Attorney General's Chambers.

##### Civil litigation and legal matters:

We handled 53 civil cases on matters in relation to the Companies Act 1965 and the Registration of Businesses Act 1965, and formed an anti-money laundering secretariat in July to handle all activities related to money laundering involving trust companies and company secretaries.

##### Initiatives to educate our stakeholders:

We have adopted the 'Enforcement by Education – Key to Corporate Governance' approach via a vigorous outreach programme to educate stakeholders on the need to abide by the law.

*SSM's enforcement functions are derived from sections 17(a), (c) and (d) of the Companies Commission of Malaysia Act 2001. These sections provide for SSM to:*

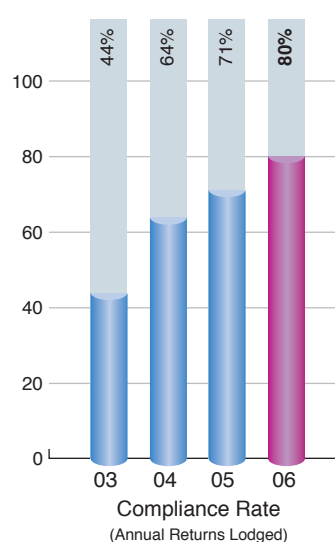
- *administer and enforce the provisions of the relevant Acts;*
- *regulate matters in relation to corporations and businesses; and*
- *encourage and promote proper conduct among directors, secretaries, managers and other officers of a corporation in order to ensure that all corporate and business activities are conducted with established norms of good corporate governance.*

Strategy 2 (cont'd.)

## Increase in Compliance Rate

### Compliance Rate for Annual Returns Lodged by Companies

Year	2003	2004	2005	2006
Compliance rate	44%	64%	71%	80%



The compliance rate increased by 9% over the year. The significant improvement is attributed to the various initiatives undertaken by SSM, in particular:

- the relentless enforcement drive which recorded an increase of 33.8% in the number of prosecution cases (5,271 companies prosecuted in 2006, compared with 3,938 companies prosecuted in 2005 for offences under the Companies Act 1965);
- the initiative by SSM to issue reminders to all companies for the need to lodge annual returns; and
- the increase of 32.4% in the number of inspections conducted by the Surveillance Section and Corporate Account Monitoring Section on non-compliance of the Companies Act 1965 by company secretaries, auditors and directors (14,886 inspections in 2006, compared with 11,245 inspections in 2005).

Strategy 2 (cont'd.)

## Enforcement Initiatives and Achievements

SSM has actively played its role as a regulator to create a conducive, ethical, healthy and competitive corporate society. In achieving this, various enforcement initiatives were conducted on companies and businesses. These efforts have tremendously contributed to the increase in the corporate compliance level. Details of routine and operational activities are as enumerated below.

### Routine Inspections and Special Operations

No	Action (Companies Act 1965)	Timeline	Target	Achievement
1.	Company Secretaries  i. Section 139(1B) ii. Section 139B(5) iii. Section 139C(3) iv. Section 364(2)	Jan – Dec 2006	i. Company secretary post left vacant for more than 30 days.	1,538 compound notices were issued to companies for failing to fill the company secretary's post.
			ii. Failure to renew licence within 30 days.	87 compound notices were issued to company secretaries.
			iii. Company secretary continuing to act after expiry of licence.	393 compound notices were issued to company secretaries and 2,424 notices to directors for allowing a company secretary to function after expiry of licence.
			iv. Making false or misleading statements.	13 compound notices were issued to company secretaries.
2.	Recreational Clubs & Interest Schemes  Sections 90-94	Oct – Dec 2006	Monitoring compliance by companies providing interest schemes.	25 golf clubs and 13 interest schemes were inspected resulting in the issuance of 29 compound notices for various offences under the Companies Act 1965.
	Foundations  Seksyen 24	Jan – Dec 2006	Monitoring compliance by Companies Limited By Guarantee.	A total of 52 foundations (Yayasan) were inspected resulting in the issuance of 55 compound notices for



## Strategy 2 (cont'd.)

No	Action (Companies Act 1965)	Timeline	Target	Achievement
				various breaches under the Companies Act 1965.
3.	EPCs (Exempt Private Companies)  Section 165A	Jan – Jun 2006	Monitoring compliance for filing of auditor's statements.	A total of 52 EPCs were inspected and 23 were found to have breached various provisions under the Companies Act 1965. 86 compound notices were issued.
4.	Auditors  i. Section 8 ii. Section 9	Jun – Dec 2006	Monitoring auditors acting after expiry of licence.	269 auditors' files were inspected. 11 auditors and 53 partners of audit firms were found to have violated the provisions. 64 compound notices were issued.
5.	Routine inspections	Jan – Dec 2006	Monitoring other compliance provisions under the Companies Act 1965 and Registration of Businesses Act 1956.  6,207 financial reports lodged were scrutinised to ascertain compliance with approved standards of the Malaysian Accounting Standards Board (MASB) and the Companies Act 1965. 1,908 query notices were issued on company auditors and secretaries under section 11(8) of the Companies Act 1965 for clarification.	14,147 companies and 89,117 businesses were inspected, resulting in 42,966 and 69,051 compound notices issued respectively for various offences.  31 compound notices were issued to directors for offences under sections 169(4) and 364(2) of the Companies Act 1965.
6.	Cooperation with other government agencies	Jan – Dec 2006	Monitoring companies and businesses referred for involvement in illegal activities or activities prejudicial to national interest:	i. Ministry of Domestic Trade and Consumer Affairs – 95 cases  ii. Kuala Lumpur City Hall (DBKL) – 40 cases

## Strategy 2 (cont'd.)

No	Action (Companies Act 1965)	Timeline	Target	Achievement
			<ul style="list-style-type: none"> <li>i. Sale of pirated VCDs.</li> <li>ii. Misleading consumers with deceptive 'Scratch &amp; Win' contests.</li> <li>iii. Prostitution and promoting products relating to sexual activities or gambling.</li> <li>iv. Promoting drug abuse/ illegal sale of drugs.</li> </ul>	<ul style="list-style-type: none"> <li>iii. Department of Islamic Development Malaysia (JAKIM) – 90 cases</li> <li>iv. Ministry of International Trade and Industry (MITI) – 16 cases</li> <li>v. Ministry of Health – 1 case</li> <li>vi. Securities Commission – 1 case</li> </ul> <p>Action taken:</p> <ul style="list-style-type: none"> <li>i. Blacklisting of businesses and business owners. (Upon blacklisting, the registration of such businesses shall not be renewed and the owner shall not be allowed to register any other businesses under his name).</li> <li>ii. Revocation of business registration under section 5C(2) of the Registration Of Businesses Act 1956: – 3 cases</li> <li>iii. Striking off of dormant businesses under section 5E of the Registration Of Businesses Act 1956: – 1 case</li> <li>iv. Prosecution action for various offences under the Companies Act 1965</li> </ul>

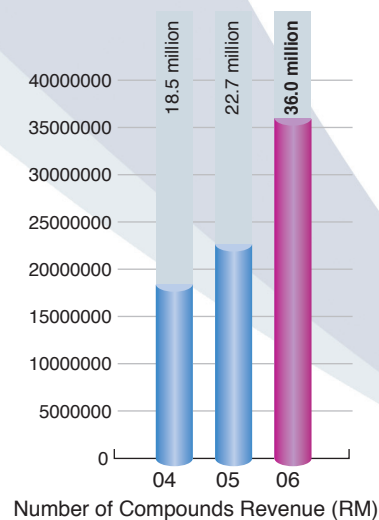
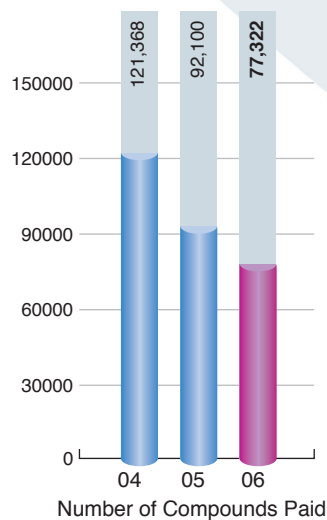
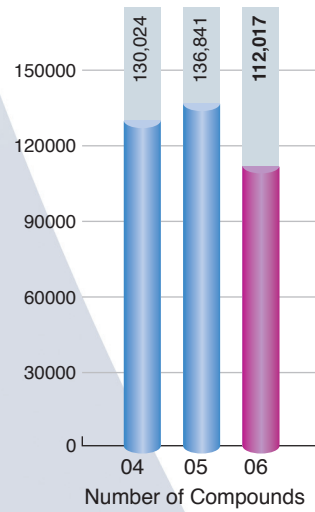
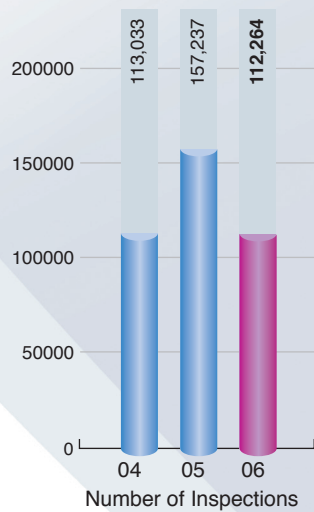
## Strategy 2 (cont'd.)

No	Action (Companies Act 1965)	Timeline	Target	Achievement
				and the Registration of Businesses Act 1956 respectively.
7.	Online monitoring between SSM and Kuala Lumpur City Hall (DBKL) on the operations of companies and businesses.	Jan – Dec 2006	To ensure companies and businesses comply with the relevant laws before a licence is issued by Kuala Lumpur City Hall (DBKL).	2,635 companies and 4,350 businesses were referred online for endorsement of compliance by SSM.
8.	Operation on dormant companies.  Section 308	Jan – Dec 2006	To recommend companies found dormant upon inspection for striking-off action.	172 companies were referred for action under section 308.
9.	Data monitoring on dormant companies.  i. Section 7(11) ii. Section 308	Jan – Dec 2006	To monitor status of companies found dormant through secretaries and directors of companies.	957 notices of show cause were issued to directors and company secretaries to update information on dormant companies.

Strategy 2 (cont'd.)

**Number of Inspections/Compound Notices Issued**

Year	2004	2005	2006
Number of inspections	113,033	157,237	<b>112,264</b>
Number of compounds	130,024	136,841	<b>112,017</b>
Number of compounds paid	121,368	92,100	<b>77,322</b>
Total compound revenue (RM)	18.5 million	22.7 million	<b>36.0 million</b>



**The total amount of compound revenue has increased by 58.6% to RM36 million in 2006.**

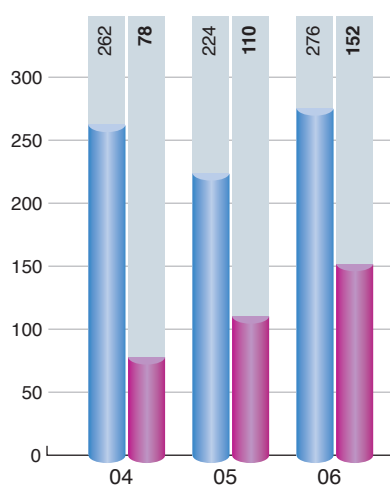
Strategy 2 (cont'd.)

**Serious Corporate Governance Cases Compounded Upon Inspection**

<b>Offence (Companies Act 1965)</b>	<b>Total Compounds</b>
Section 69E – Failure to notify on acquisition of substantial shareholding	RM 10,000 (1 case)
Section 69F – Failure to notify on disposal of substantial shareholding	RM 440,000 (37 cases)
Section 69F(2) – Failure to provide notice in writing within 7 days of change in the interest(s) of the substantial shareholder	RM 105,000 (4 cases)
Section 69G – Failure to notify on cessation of substantial shareholding	RM 20,000 (2 cases)

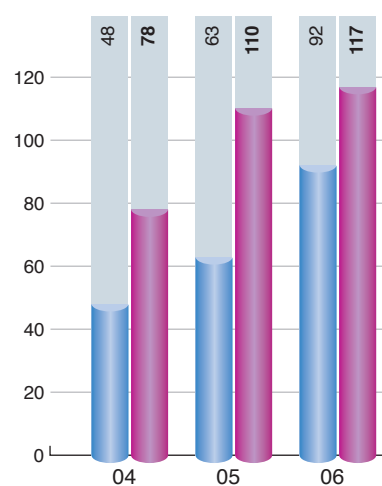
**Complaints Received and Disposed of**

<b>Year</b>	<b>No. of Complaints Received</b>		<b>No. of Complaints Disposed of</b>	
	<b>Company</b>	<b>Business</b>	<b>Company</b>	<b>Business</b>
2004	262 cases	78 cases	48 cases	78 cases
2005	224 cases	110 cases	63 cases	110 cases
<b>2006</b>	<b>276 cases</b>	<b>152 cases</b>	<b>92 cases</b>	<b>117 cases</b>



No. of Complaints Received of

Companies  
Businesses



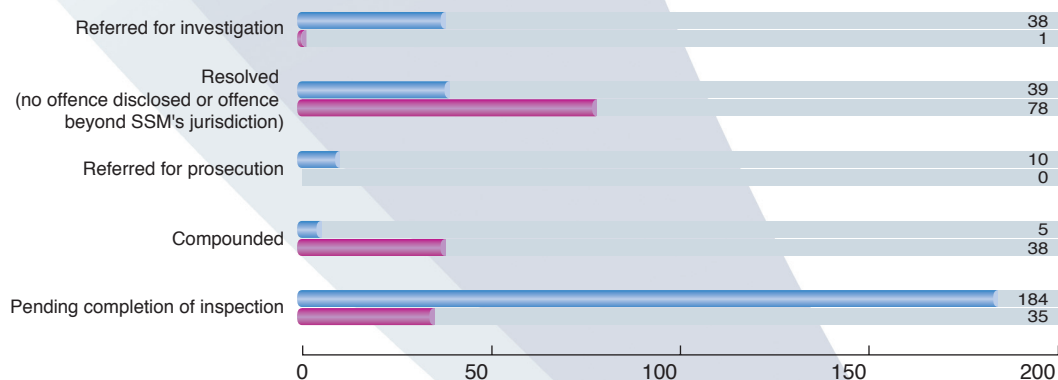
No. of Complaints Disposed of

Companies  
Businesses

Strategy 2 (cont'd.)

**Breakdown of Complaint Cases Disposed of in 2006**

Cases Disposed of	Companies Act 1965 (Akta 125)	Registration of Businesses (Akta 197)
Referred for investigation	38	1
Resolved (no offence disclosed or offence beyond SSM's jurisdiction)	39	78
Referred for prosecution	10	-
Compounded	5	38
Pending completion of inspection	184	35
<b>Total</b>	<b>276</b>	<b>152</b>



Breakdown of Complaint Cases Disposed of in 2006

■ Companies Act 1965 ( Act 125 )  
■ Registration of Business Act 1956 ( Act 197 )

Strategy 2 (cont'd.)

**Category of Serious Corporate Governance Cases Complained**

<b>Section (Companies Act 1965)</b>	<b>Offence</b>	<b>No. of Cases</b>
Section 169	Failure to table accounts.	130
Section 364(2)	Making false and misleading statement.	100
Section 131	Disclosure of interest in contracts, property, officers etc.	20
Section 132	Breach of duty and liability of officers.	
Section 132E	Substantial property transactions involving directors.	
Section 167	Failure to keep accounts for 7 years.	18
Section 125	Undischarged bankrupt acting as director.	4
Section 133A	Prohibition of loan to persons connected with directors.	1
Section 135	General duty to make disclosure.	1
Section 174	Powers and duty of auditors as to reports on accounts.	1
Section 367	Use of a company name in business prior to incorporation.	1

**Complaint Cases Compounded After Inspection**

<b>Offence (Companies Act 1965)</b>	<b>Total Compounds</b>
Sections 69E & 69F	RM 200,000 (1 case)
Sections 143, 165 & 169	RM 108,000 (4 cases)

**Administrative Action**

Administrative action was also initiated in 2006 to regulate the corporate sector by issuing show cause notices and letters of reprimand.

## Strategy 2 (cont'd.)

No	Action	Timeline	Target	No. of Cases
1.	Issuance of notice to show cause	Jan – Dec 2006	Section 139C(2) – Continuing to act as company secretary after expiry of licence	8 cases  (Licence revoked – 1 case)
2.	Issuance of letter of reprimand to Companies Limited By Guarantee	Jan – Dec 2006	Section 24 (3) – Failure of Companies Limited By Guarantee to comply with conditions of licence	7 cases
3.	Issuance of letter of reprimand	Jan – Dec 2006	Sections 69E & 69F – Failure to notify on acquisition/disposal of substantial shareholding	4 cases
4.	Issuance of letter of reprimand	Jan – Dec 2006	Section 69E – Failure to notify on acquisition of substantial shareholding	1 case

### Criminal Sanction

The intensification of surveillance and inspection activities on companies, directors, company secretaries, auditors and businesses had resulted in the increased rate of criminal investigations and prosecutions. In 2005 and 2006, a total of 346 cases were investigated for 74 categories of offences under the Companies Act 1965, of which 181 cases were successfully disposed as at 31 December 2006.

Initiation of prosecutions too had witnessed a significant increase, resulting from the various enforcement initiatives undertaken by SSM. A total of 6,493 cases were prosecuted in courts for various offences under the Companies Act 1965 and Registration of Businesses Act 1956 in 2006. Details of serious cases investigated and prosecuted are enumerated below.



Strategy 2 (cont'd.)

**Category of Offences Investigated**

No.	Section	Offence (Companies Act 1965)
1.	Section 125	Undischarged bankrupt acting as director.
2.	Section 132	Failure of fiduciary duty by directors.
3.	Section 143	Failure to hold annual general meeting.
4.	Section 165	Failure to lodge annual returns.
5.	Section 167	Failure to keep accounts for 7 years.
6.	Section 169	Failure to table accounts.
7.	Section 363	Offer of shares and interests to public without prospectus.
8.	Section 364(2)	Making or giving false and misleading statements.
9.	Section 367	Using a business name prior to incorporation.

**Serious Corporate Governance Cases Compounded After Investigation**

Offence (Companies Act 1965)	Total Compounds
Section 69E – Failure to disclose acquisition of substantial shareholding	RM 50,000 to RM 650,000 (3 cases)
Section 69F – Failure to disclose disposal of substantial shareholding	RM 10,000 (1 case)
Section 135(1) – Failure to disclose interest in company	RM 9,000 (1 case)
Section 125(1) – Undischarged bankrupt acting as director	RM 10,000 (1 case)
Section 130 – Convicted person acting as director	RM 2,500 (1 case)
Section 364(2) – Making false and misleading statement	RM 10,000 (2 cases)
Section 132C – Failure of director to get approval of the company for disposal of the company's undertaking/property	RM 40,000 (1 case)
Section 167 – Failure to keep accounts for 7 years	RM 18,000 (1 case)

## Strategy 2 (cont'd.)

**Serious Corporate Governance Cases Compounded After Investigation (cont'd.)**

<b>Offence (Companies Act 1965)</b>	<b>Total Compounds</b>
Section 172 – Failure to appoint an auditor	RM700 (1 case)
Section 367 – Conducting a business prior to incorporation	RM10,000 (1 case)

**Corporate Governance Cases Pending Trial**

<b>Offence (Companies Act 1965)</b>	<b>No. of Cases</b>
Section 15(1)(c) – As a private company offering shares of the company to the public	2
Section 37(1) – Issuing share application forms without prospectus	2
Section 121(1)(b) – Failure to print company name and number in official documents	1
Section 121(3) – Failure to display company name	2
Section 125(1) – Undischarged bankrupt acting as director	6
Section 139(1) – Failure to fill the company secretary post within 30 days	1
Section 141(2) – Failure to maintain register of directors, managers and secretaries	1
Section 143(1) – Failure to hold annual general meeting	1
Section 145A – Conducting annual general meeting outside the state of the registered office	1
Section 156(1) – Failure to maintain record of the minutes book	1
Section 158(1) – Failure to maintain a register and index of members	1

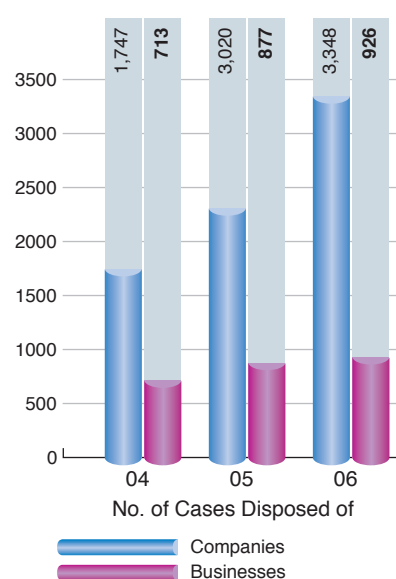
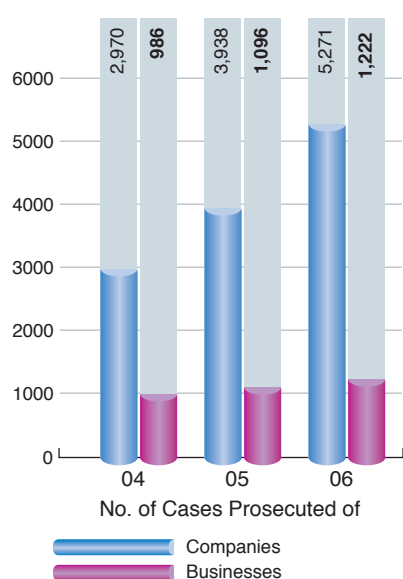
Strategy 2 (cont'd.)

**Corporate Governance Cases Pending Trial (cont'd.)**

<b>Offence (Companies Act 1965)</b>	<b>No. of Cases</b>
Section 165(5) – Failure to lodge annual returns	1
Section 169(1) – Failure to table accounts	1
Section 170(1) – Failure to furnish profit and loss account to members	1
Section 363(3) – Offering shares to public for subscription	2
Section 364(2) – Making false and misleading statement	3
Section 367(1) – Conducting a business prior to incorporation	2

**Prosecution Cases**

<b>Year</b>	<b>No. of Cases Prosecuted</b>		<b>No. of Cases Disposed of</b>	
	<b>Company</b>	<b>Business</b>	<b>Company</b>	<b>Business</b>
2004	2,970 cases	986 cases	1,747 cases	713 cases
2005	3,938 cases	1,096 cases	3,020 cases	877 cases
<b>2006</b>	<b>5,271 cases</b>	<b>1,222 cases</b>	<b>3,348 cases</b>	<b>926 cases</b>



Strategy 2 (cont'd.)

### **Common Offences Prosecuted under the Companies Act 1965**

*Common offences prosecuted under the Companies Act 1965 in 2006:*

- *Section 363 – share hawking*
- *Section 366 – inducing persons to invest money*
- *Section 364(2) – making false and misleading statements*
- *Section 132 – breach of fiduciary duties*
- *Section 167 – failure to keep accounting records*
- *Section 169 – failure to table accounts*
- *Section 165(1) – failure to lodge annual returns*
- *Section 143(1) – failure to hold annual general meeting*
- *Section 125 – undischarged bankrupt acting as company director*

### **Cooperation with other Enforcement Agencies**

A Tripartite committee was formed in mid-2004 between the Securities Commission, SSM and Royal Malaysian Police (PDRM) to cooperate in handling serious corporate governance cases. A total of 32 cases were referred to SSM for investigation by this committee. As at May 2006, 29 of these cases had been disposed of by imposing criminal and administrative sanctions after references were made to the Attorney General. SSM is a member of:

- the National Consultative Committee (NCC) to Counter Money Laundering;
- a working group for the Asia Pacific Group Mutual Evaluation Exercise on Anti-Money Laundering and Counter Financing on Terrorism – Malaysia 2007 coordinated by Bank Negara Malaysia (Central Bank of Malaysia); and
- the Counter Terrorism Working Group chaired by Wisma Putra.

SSM also engages actively with other regulatory enforcement agencies in its efforts to improve service delivery and deliberate concerted efforts to handle issues of corporate governance.

### **Countering Money Laundering**

In July, we formed an Anti-Money Laundering Secretariat to handle activities in relation to allegations of money laundering by trust companies and company secretaries who fall under the regulatory purview of SSM. This secretariat disseminates information and legal advice to all the relevant departments at SSM – which is deemed necessary as trust companies and company secretaries are designated as reporting institutions under Schedule 1 of the Anti-Money Laundering Act 2001 (Act 613).

## Strategy 2 (cont'd.)

The Secretariat also worked closely with the Financial Intelligence Unit of Bank Negara Malaysia (Central Bank of Malaysia) and participated in the quarterly meetings held by the National Consultative Committee (NCC) to Counter Money Laundering.

Throughout 2006, SSM was part of a Working Group coordinated by Bank Negara Malaysia (Central Bank of Malaysia) to prepare for the Mutual Evaluation Exercise on Anti-Money Laundering & Counter Financing of Terrorism which is to be conducted in Malaysia by the Asia Pacific Group (APG) on Anti-Money Laundering between 29 January and 9 February 2007. The purpose of the Mutual Evaluation Exercise is to determine the state of readiness of the legal infrastructure in Malaysia in combating money laundering and combating financing of terrorism. We provided input in relation to SSM's functions and powers as a regulator of businesses, companies and corporate intermediaries via a questionnaire drafted in accordance guidelines set by the 'Financial Action Task Force (FATF) 40' and the '9 Recommendations on Anti-Money Laundering & Counter Financing of Terrorism'. The final report was sent to the Asia Pacific Group (APG) in November prior to the evaluators' visit to Malaysia and SSM in January 2007.

Through a joint effort with Bank Negara Malaysia (Central Bank of Malaysia) and prescribed professional bodies, a Sectoral Guideline on Company Secretaries was drafted pursuant to sections 66E and 83 of the Anti-Money Laundering Act 2001. It is targeted that the Guideline will be formalised and enforceable in early 2007.

### **Countering Corruption**

In April, we participated in a Working Group coordinated by the Anti-Corruption Agency with the aim to provide input for 'ADB/OECD Corruption Initiatives for Asia and the Pacific'. The purpose of this report is to provide information on initiatives by SSM with regards to integrity building and eradication of corruption within its organisation. Our report was based on three main initiatives to combat corruption, namely Corporate Governance, Internal Control Mechanism and Enforcement.

### **Countering Fraud**

Between 6 May and 10 June 2006, SSM participated in a Working Group coordinated by the Ministry of International Trade and Industry (MITI) to facilitate the visit by the European Union Anti-Fraud Office (OLAF) to conduct enquiries concerning the accuracy of information contained in certificates of origin, commercial invoices and transport documents in relation to selected products exported from Malaysia to the European Union (EU).

The products investigated included pipe fittings, flint lighters and energy-saving lamps which were suspected to have been fully made and imported from China by Malaysian companies and businesses and re-labelled as 'Made in Malaysia' before being exported to the EU nations in order to circumvent the anti-dumping tax regime imposed by the EU on products from China. We supplied corporate information on the companies and

Strategy 2 (cont'd.)

businesses under investigation by OLAF and MITI and inspected these entities to verify their existence and compliance with the Companies Act 1965 and the Registration of Businesses Act 1956. OLAF formally acknowledged SSM contributions and recorded their gratitude in the formal report prepared at the end of the verification exercise.

## Civil Litigation

The Litigation Department provides a full spectrum of litigation services to SSM. Pursuant to section 37 of the Companies Commission of Malaysia Act 2001, SSM's legal officers are authorised to appear in any civil proceeding for and on behalf of SSM. In 2006, a total of 53 new civil litigation files were opened to handle matters related to the Companies Act 1965 and the Registration of Businesses Act 1956.

### **Landmark case:**

*A decision by the Kuala Lumpur High Court on the issue of a company's name (sections 22 and 23 of the Companies Act 1965).*

*The plaintiff is a company incorporated in Japan. Together with its local subsidiary, they applied for a declaration that SSM's decision in allowing the registration of the defendant's name was contrary to section 22(1) of the Companies Act 1965 due to a similarity with the plaintiff's name.*

*In his judgment, the judge held that the Registrar of Companies has the discretion to consider and allow a company's name, subject to the provisions of section 22 of the Companies Act and the Minister's Directive on prohibited names. Since the plaintiff is a company incorporated under a foreign jurisdiction, SSM has no authority over it nor must it take cognisance of this name when approving names for companies to be incorporated in Malaysia.*

*The application was therefore dismissed with cost. A notice of appeal filed by the plaintiff against the decision to the Court of Appeal was subsequently withdrawn in December.*

## Education and Awareness to facilitate compliance

Since 2006, SSM has adopted an 'Enforcement by Education – Key to Corporate Governance' approach in pursuing its enforcement machinery. Vigorous outreach programmes as follows were conducted to heighten public awareness on the need to abide by the laws.

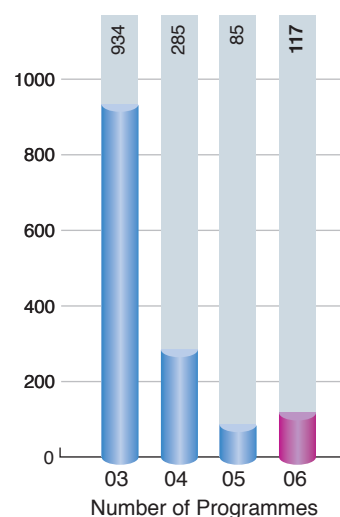
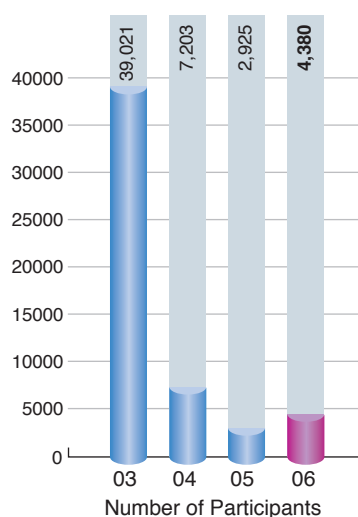
Strategy 2 (cont'd.)

### Company Directors trained – CDTP

As part of a programme to encourage continuous education, regular sessions of the Corporate Directors Training Programme (CDTP) were conducted by our training centre. Company directors of unlisted companies were trained to ensure that they understand their fiduciary duties in the management of a company. With the aim to instil good corporate governance amongst this group, the CDTP is also conducted by eight other SSM-approved institutions. A total of 117 programmes were conducted in 2006, marking an annual increase of 37.6% in the number of programmes and 49.7% in the number of participants. Between 2001 and the end of 2006, 111,846 participants have been trained via the CDTP.

### CDTP & Participants

	2003	2004	2005	2006	Annual Change (2005-2006)
Number of participants	39,021	7,203	2,925	<b>4,380</b>	49.7%
Number of programmes	934	285	85	<b>117</b>	37.6%



The participation of directors of unlisted companies was at its highest level for the years 2002-2003 as participation in the CDTP was initially made mandatory by the Ministry of Domestic Trade and Consumer Affairs. However, the Cabinet decided on 26 May 2004 that participation in the CDTP should only be on a voluntary basis, which resulted in a drastic decline in the number of participants. Nevertheless, SSM has since undertaken numerous measures and action to increase participation in the CDTP and the number of participants has gradually increased beginning 2006.

Strategy 2 (cont'd.)

In 2006, a business plan was developed to transform the training centre into a full-fledged learning centre – the SSM Training Academy – by 2008. When this training division of SSM has been established, learning programmes will be supported and complemented with research, e-learning and international collaborative activities. It is anticipated that more individuals from the corporate community would participate in the CDTP to better understand the relevant laws as well as their corporate roles and responsibilities. For now, we have started addressing the need to create and develop a pool of competent speakers and trainers as well as the formulation of technical courses for relevant disciplines.

### **Media Publications**

Designated columns have been allotted for SSM in major newspapers on a periodic basis to publish articles relating to incorporation and registration of various types of companies and businesses, duties of directors, rights of shareholders and others (see page 68). Enforcement initiatives and prosecutions conducted are continuously published in the media for public awareness. Television coverage on SSM's activities is also on the increase.

### **Dialogues, Forums and Expos**

SSM regularly organises dialogues and forums with directors and corporate intermediaries where information on current corporate best practices are disseminated to the participants. SSM also obtains feedback from such dialogues and forums in identifying shortcomings and improving its service delivery efficiency. Additionally, through its participation in expos throughout the nation, SSM imparts the basic knowledge of the Registration of Businesses Act 1956 to the general public before starting their businesses.

### **Enforcement Roadshows and Talks**

SSM officers frequently delivered talks and lectures to various government agencies, prescribed bodies and private organisations on issues pertaining to enforcement initiatives and corporate governance. They were also present at Business Registration Mobile Counters (BRMC) to facilitate compliance as well as to create awareness on business education requirements.

*SSM's well planned and structured enforcement initiatives in line with its mission plan have contributed tremendously to the enhanced corporate compliance level since 2004. Its recent resource and capacity-building of its officers would definitely go a long way in achieving its vision of being a Centre of Excellence.*

*It is further envisaged that the compliance rate will continue to improve and become comparable to any foreign jurisdictions due to the intensification of SSM's robust education and enforcement activities in 2007 and the years ahead.*



## Strategy 3:

### Regulatory framework reviewed, keeping up with times

#### Objective

To initiate, develop and implement a comprehensive regulatory framework in tandem with changing business environment.

#### What was done

##### Continuation of the CLRP:

We carried out the Corporate Law Reform Programme (CLRP) as according to plan.

##### Review of laws:

The much awaited Companies (Amendment) Bill 2006 was approved by the Cabinet and is awaiting tabling at the upcoming parliamentary session. We have also completed the draft of the Registration of Businesses (Amendment) Rules 2006 to facilitate electronic lodgement of business documents as well as reviewed the Trust Companies Act 1949 and duly drafted the Trust Companies (Amendment) Bill which will be made available to the industry for consultation.

##### National Integrity Plan:

SSM, as secretariat to the Ministry of Domestic Trade and Consumer Affairs in its role as lead agency to implement the Integrity Agenda for Economic Institutions, was the first to complete its final report containing recommendations for **Strategy 6: Integrity Agenda for Economic Institutions**.

#### Corporate Law Reform Programme (CLRP) continued

SSM has maintained its progress for the CLRP, a programme developed to initiate, develop and implement a comprehensive regulatory framework in tandem with the changing business environment. In 2006, five recommendation papers were issued for consultation by our stakeholders. Feedback for all consultative papers published by the Corporate Law Reform Committee (CLRC) will be summarised and forwarded to relevant parties and the Minister for consideration, before presentation to the Cabinet. The ultimate aim of the CLRP is to amend the law to better serve the needs and expectations of the corporate world of today and its extensive range of commercial activities.

Strategy 3 (cont'd.)

*Three consultative papers were published by the CLRC in 2006:*

- *A Consultative Document on Engagement with Shareholders (February 2006)*
- *A Consultative Document on Company Liquidation – Reforms and Restatement of the Law (March 2006)*
- *A Consultative Document on Clarifying and Reformulating the Director's Roles and Duties (August 2006)*

*A new consultative paper was considered by the Technical Steering Committee:*

- *Reviewing Corporate Insolvency Regime – The Proposal for Corporate Rehabilitation Framework (3 November 2006)*

*The following were finalised by the CLRC in 2006:*

- *The Law of Receivership and Company Charges & Registration Processes (21 April 2006)*
- *Reduction of Capital (2 June 2006)*
- *Creating a Conducive Legal and Regulatory Framework for Businesses (19 July 2006)*
- *Members' Rights and Remedies (31 July 2006)*
- *Review of the Provisions Regulating the Substantial Property Transactions, Disclosure Obligations and Loans to Directors (29 September 2006)*
- *Share Buyback and Financial Assistance (3 November 2006)*

### **Laws reviewed**

In addition to the CLRP, SSM also reviews other laws. This effort is an ongoing internal process in reviewing and drafting of regulatory provisions to develop a comprehensive regulatory framework in tandem with the changing business environment. Of note are the ongoing reviews of the Trust Companies Act 1949 (Act 100), and the Registration of Businesses Act 1956 (Act 197) to enhance efficiency of business registration and to facilitate e-Lodgement services.

## Strategy 3 (cont'd.)

The first draft of the Trust Companies (Amendment) Act 2006 was completed in 2006. This draft bill is expected to be available to the public for consultation before it is finalised for submission to the Attorney General's Chambers.

The Companies (Amendment) Bill 2006 has been approved by the Cabinet and is expected to be tabled at the upcoming parliamentary session in March 2007. The Bill consists of 24 clauses which introduce new provisions primarily on the following matters:

- electronic filing;
- expansion of directors' duty to disclose interests;
- clarification of a director's functions and duties;
- wider scope of duty of care, skill and diligence;
- responsibilities of nominee directors;
- prohibition against related party transactions;
- deletion of the existing section 132G;
- electronic shareholders' meetings;
- introduction of the statutory derivative action to enhance remedies available to minority shareholders; and
- introduction of application for injunctions to enhance the mechanism for shareholders' protection; and
- introduction of the "whistle blowing" provision to afford protection for officers.

The drafting of the Registration of Businesses (Amendment) Rules 2006 was completed to incorporate relevant amendments to facilitate electronic lodgement of business documents. The proposed amendments seek to simplify the forms and requirements of registration, as well as to facilitate e-Lodgement and other over-the-counter services. This is aligned with our Government's initiative to reduce the cost of doing business and eliminate unnecessary bureaucratic requirements.

Looking forward, SSM will continue its in-depth research programmes to develop a modern, competitive and conducive corporate legal framework for the nation.

Strategy 3 (cont'd.)

## Final report for National Integrity Plan completed

*The Ministry of Domestic Trade and Consumer Affairs is the lead agency appointed to implement the National Integrity Plan (NIP) for **Strategy 6 : Integrity Agenda for the Economic Institutions**. The NIP is aimed at promoting and raising the standards of accountability and transparency amongst corporate players and industries across the nation. The monitoring and coordination of implementation for the NIP is managed by the Malaysian Institute of Integrity (IIM).*

In 2006, the Ministry of Domestic Trade and Consumer Affairs, with SSM as secretariat to its role as lead agency to implement the Integrity Agenda for Economic Institutions, was the first to complete the final report of all strategies under Strategy 6 of the NIP. All five Working Groups completed their respective proposals for action plans.

Action plans by Working Groups 1, 2 and 3 were approved by the Steering Committee and those of Working Groups 4 and 5 were pending the Steering Committee's approval before submission of the final report to the Malaysian Institute of Integrity (IIM). When all action plans have been approved, the IIM will take on the role of monitoring the implementation of the action plans under Strategy 6 of the NIP.

*Five Working Groups of the National Integrity Plan Steering Committee for Economic Institutions:*

- *Working Group A (Strengthen corporate sector integrity)*
- *Working Group B (Promote and strengthen business ethics)*
- *Working Group C (Strengthen cooperation among all sectors through the concept of Malaysia Incorporated in promoting integrity)*
- *Working Group D (Strengthen cooperation between corporations and trade unions)*
- *Working Group E (Continue with the social Justice Programmes involving various ethic groups and between regions)*

## Strategy 4:

### Product/Service innovation, sustainable financial growth.

#### Objective

Product/Service innovation towards ensuring sustainable growth in financial performance.

#### What was done

##### Develop new products/services:

We introduced new products and services to benefit and meet the needs of our customers.

##### Strive to increase revenue:

We generated a total revenue of RM 276,485,568 from a portfolio of activities – daily operations, intensified enforcement activities, investments etc.

## New Products / Services introduced

### Commemorative Certificate

A new product, the Commemorative Certificate, was introduced and actively promoted to companies which have been established for more than 10 years. These are available in nine designs which incorporate images of Malaysia as a modern, technologically advanced and business-driven society while preserving its natural resources and cultures. Customers are also allowed to propose their own designs and forward a soft copy to SSM for consideration.

The certificates are printed on quality card paper and each certificate is priced at RM 150 and contains the company name and registration number, date of registration and date of issuance. It is signed and handed over personally by the Registrar of Companies.

As a token to commemorate the establishment of a company, these certificates may be displayed as a wall decoration in a company's customer service area, board room, CEO's office and/or other strategic locations within its premises to inform customers and remind employees of the company's history. There is no restriction on the number of commemorative certificates which a company may purchase. Together with the New Registrar Common Seal Stamper, it is an attractive product. As Malaysians are avid collectors, this project is anticipated to be a good starting point for SSM to widen the scope of our new products and earn more revenue.

Strategy 4 (cont'd.)

### **CID and CILS**

We also continued to promote the sale of Corporate Information Data (CID) and Corporate Information Listing & Statistical Data (CILS) to large companies, institutions and government agencies with a need for such data. Other promotion activities which were well-received by the public included the launch of 10 CDs containing the listing and information of all registered companies in Malaysia, including those registered in 2005 and 2006, and a CD which includes information on all licenced company secretaries across the nation.

### **Guidebook in Completing Prescribed Forms – Companies Act 1965**

A guidebook (Completing Prescribed Forms – Companies Act 1965), being the first collaboration between SSM and the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), marks another milestone in our commitment to constantly facilitate the needs of our various stakeholders. This handy and easy-to-follow guidebook was designed and published to assist the public in understanding the purpose of each prescribed form under the Companies Act 1965 and their accurate completion. We sold 199 copies of this guidebook at RM 70 per copy.

### **Business Registration Mobile Counters (BRMC)**

The Business Registration Mobile Counters (BRMC) which set out to educate business owners on the need to register their businesses, create awareness on the benefits of registration, and educate the public on matters related to good business ethics received good response. Many new registrations were recorded. This initiative has greatly enhanced our image of being approachable – where we proactively reach out to our customers to assist in ownership requirements. During a road show at eight locations in November alone, we registered 1,250.

### **Reminder service (SSM Alert)**

Since its introduction in 2005, we have received a total of 263 applications for the reminder service (SSM Alert) for renewal of business registrations. More work needs to be done to educate business owners on the benefits of investing in the use of the reminder service; business owners, unlike companies who have in-house officers or company secretary to act on their behalf, may fail to remember the obligations to renew their business registrations in a timely manner. During the preliminary period, this has only been actively promoted via the mobile counters where our employees can interact with the public as this allows real feedback for us to tweak the mechanics of the programme. However, few people took the initiative to visit our offices to sign up for this service.

New initiatives in progress to be launched in the future include a tendering process for company registration numbers of choice and further development of SSM Alert amongst others.

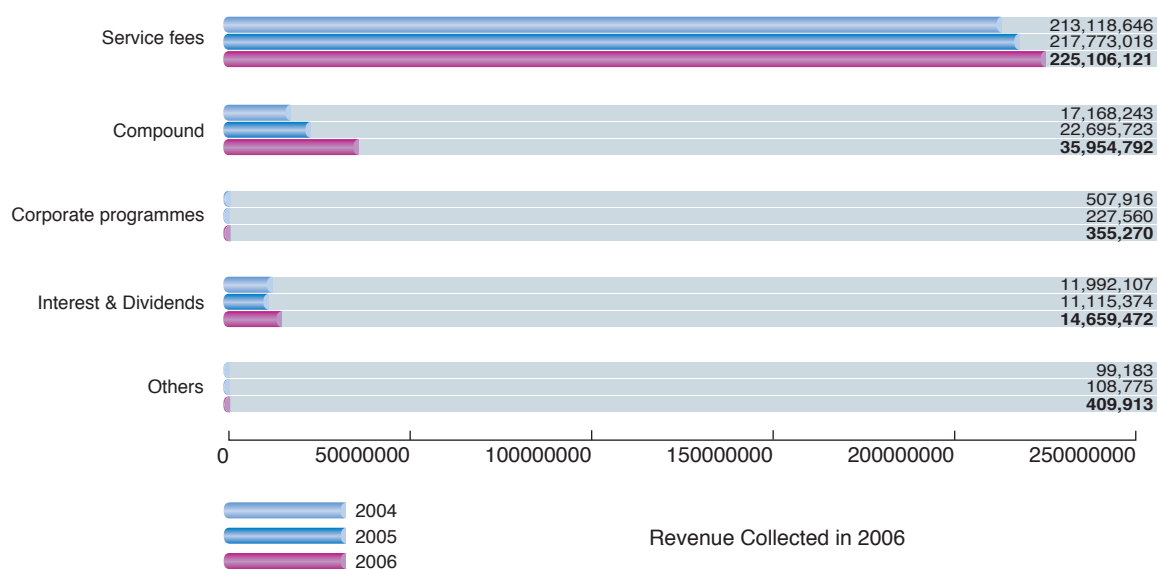
Strategy 4 (cont'd.)

## Revenue increase

With clear-cut key performance indicators as well as a clear set of strategies and action plans in place, the entire SSM workforce has contributed to an increase in revenue. Regular income obtained from information services and registration activities as well as other sources of income resulting from intensified enforcement activities to collect arrears culminated in a total revenue of RM 276,485,568 in 2006.

### Revenue Collected in 2006

Source of revenue	2004 (RM)	2005 (RM)	2006 (RM)	Annual Change (2005-2006)
Service fees	213,118,646	217,773,018	<b>225,106,121</b>	3.4%
Compound	17,168,243	22,695,723	<b>35,954,792</b>	58.4%
Corporate Programmes	507,916	227,560	<b>355,270</b>	56.1%
Interest & Dividends	11,992,107	11,115,374	<b>14,659,472</b>	31.9%
Others	99,183	108,775	<b>409,913</b>	276.8%
<b>Total</b>	<b>242,886,095</b>	<b>251,920,450</b>	<b>276,485,568</b>	<b>9.8%</b>



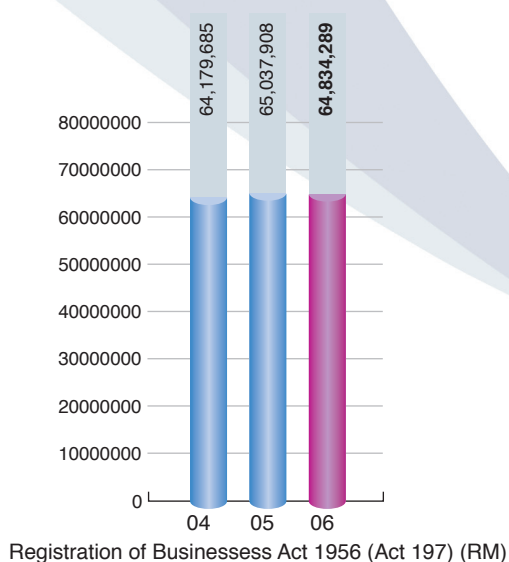
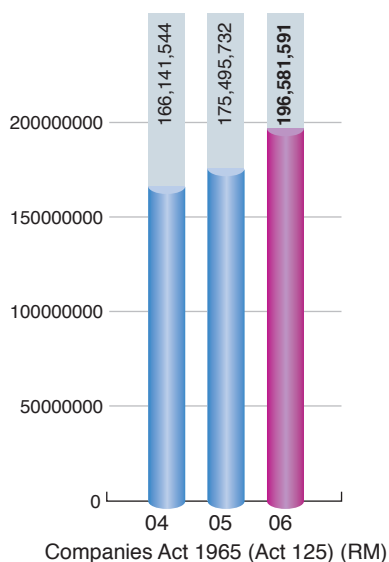
Strategy 4 (cont'd.)

**Smart investments have resulted in an increase of almost one-third (31.9%) in interest and dividends earned in 2006 when compared to 2005 (from RM 11,115,374 to RM 14,659,472).**

A well-managed enforcement programme resulted in a 58.4% increase in the amount of compounds collected. We have also exceeded our target of RM 12.8 million in investment income during the year when the final figures showed an achievement of over RM 14.6 million for interest and dividends collected, up 31.9% from the year before. Our investment portfolio includes a wide variety of investment products, but mainly Islamic in nature (General Investment *Al-Mudharabah*, Special Investment *Al-Mudharabah*, Islamic Commercial Papers and Institutional Trust Accounts, Government Investment Issues and Negotiable Islamic Debt Certificates).

#### Revenue From Act 125 & Act 197

Source of revenue	2004 (RM)	2005 (RM)	2006 (RM)	Annual Change (2005-2006)
Companies Act 1965 (Act 125)	166,141,544	175,495,732	<b>196,581,591</b>	12.0%
Registration of Businesses Act 1956 (Act 197)	64,179,685	65,037,908	<b>64,834,289</b>	- 0.3%
<b>Total</b>	<b>230,321,229</b>	<b>240,533,640</b>	<b>261,415,880</b>	<b>8.7%</b>

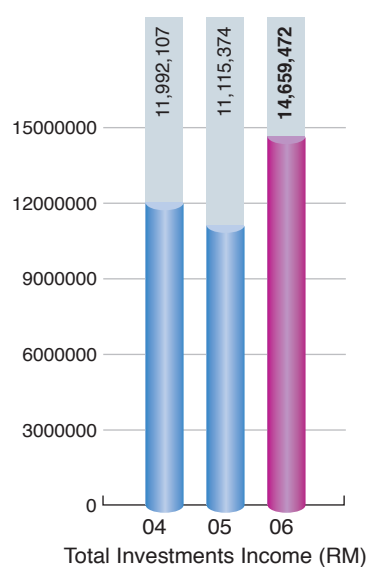
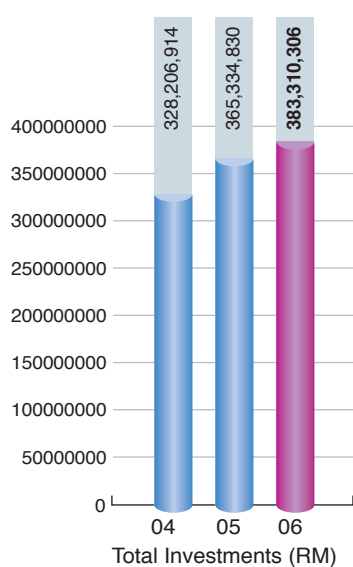




Strategy 4 (cont'd.)

**Total Investments & Investment Income**

	2004 (RM)	2005 (RM)	2006 (RM)	Annual Change (2005-2006)
Total investments	328,206,914	365,334,830	<b>383,310,306</b>	4.9%
Total investment income	11,992,107	11,115,374	<b>14,659,472</b>	31.9%



## Strategy 5:

### Reach out, a good corporate image upheld.

#### Objective

To develop and sustain excellent corporate branding.

#### What was done

##### Implement outreach programmes:

We organised events and conducted activities to raise awareness and enhance the corporate image of SSM.

##### Organise networking and collaboration:

We exchanged views and information with professional bodies, regulatory agencies, corporate registries and regulators and the corporate sector to keep abreast of current developments.

##### Build brand recognition:

We launched a more user-friendly website and presented publications and media releases with our corporate logo (SSM).

### Outreach Programmes carried out

We have used various channels and tools to ensure effective dissemination of messages and information to the public in 2006. The publicity campaign was aimed at developing SSM as a brand for excellence, and focused on addressing the perception of SSM being a mere registrar of companies and businesses. In pursuing our enforcement machinery, we focused on our approach of 'Enforcement by Education – Key to Corporate Governance'. Through this approach, our outreach programmes strive to educate stakeholders and increase public awareness on the need to abide by the laws.

The inaugural SSM Day was held in March. More than 1,000 visitors participated in the event held over two days in Kuala Lumpur. Besides viewing an exhibition by SSM and our stakeholders, the visitors took part in information sharing as well as other educational activities.

The '*Hari Bersama Pelanggan*' (Clients Day) programme has progressed from being an "in-house" event held at our Head Office to SSM participation in a similar programme organised by the Ministry of Domestic Trade and Consumer Affairs in late 2005. This continued in 2006, when employees went on a nationwide roadshow to provide a visible and easily accessible platform for public enquiries and complaints. One new feature in the past year is the provision of company and business name search services in which approval

## Strategy 5 (cont'd.)

for business names were issued on the spot. Mobile registration activities were also conducted – including online registration for changes in particulars, issuance of registration certificates and provision of computer print-out services.

We also participated in exhibitions and trade fairs organised by other agencies, including the nationwide '*Program Gerak Usahawan*' (Entrepreneur Movement Programme) conducted by the Ministry of Entrepreneur and Co-operative Development (MECD). At the state level, state offices also participated in numerous exhibitions organised by local authorities as well as the state governments while keeping active in conducting briefing sessions, dialogues and meetings at schools, colleges and other associations. Our participation is aimed at the inculcation of prerequisite knowledge in the general public on how to start a business. A list of key activities during the year is available on pages 102-107 (Calendar of Events).

### Nationwide Networking and Collaboration

We are active in the development of a conducive business environment for the nation. Efforts were made to maintain regular exchange and collaboration with professional bodies, other regulatory agencies and international corporate registries and regulators in the course of our duties in 2006.

The **SSM-MAGRO Joint Seminar** (Malaysian Association of Golf and Recreational Club Owners Berhad) was organised and officiated by the Minister of Domestic Trade and Consumer Affairs. We have made an attempt to play a role to promote this industry, when previously this was left entirely to private-sector initiatives. We are very committed to the issue of growing this industry as it appears to be a regional lifestyle trend in recent years. A revitalisation of this industry in Malaysia would likely be well-accepted in the country and boost sports or lifestyle-related tourism.

We will be executing the Minister's aspiration to see a more meaningful integration of the many golf clubs in the nation under the uniformed administration of SSM. At present, there are only 87 golf clubs registered with SSM, so this initiative will be a significant development for the industry.

**A Memorandum of Understanding (MOU) for a Bumiputra business coaching scheme** was signed by **SSM and Gagasan Badan Ekonomi Melayu (GABEM)** on 6 June 2006. GABEM, a non-profit organisation, was established with the consent of the UMNO Supreme Council and its key objective is to enhance the participation of Bumiputras in the business and entrepreneurial sectors, as well as to strengthen the economic standing of the Malay community. We are pleased to play a role in its implementation of a comprehensive training and coaching programme, in particular for small and medium-sized enterprises.

Strategy 5 (cont'd.)

SSM was also involved in the **Ministry of Transport's** committee to facilitate the establishment and development of a Free Zone Area in Pulau Indah, Port Klang. This Free Zone Area is based on a model which has already been implemented at the Jabel Ali Free Zone (JAFZ) in Dubai. Its key objective is to attract companies to operate in Port Klang through various incentives for the Free Zone Area.

The **Annual Dialogue and East Malaysia Regional Dialogue** with participants from numerous corporate and business fields, professional bodies as well as other regulatory agencies continued to be held in 2006 to favourable ratings.

In addition, we organised two sessions (in June and December) of the **Corporate Practice Consultative Forum** which were attended by representatives of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), Malaysian Association of Company Secretaries (MACS), Institute of Approved Company Secretaries (IACS), Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA), Federation of Public Listed Companies (FPLC) and SSM amongst others. A pre-submitted memorandum was tabled and discussed at the forum while new issues were raised and discussed in an impromptu manner.

Our **e-Lodgement** service is an example of collaboration with the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) of the Prime Minister's Department. This electronic service utilises the Government's Public Service Portal (PSP) as the platform to provide an electronic option to file both company and business documents. It is expected to ease the lodgement of documents by our numerous stakeholders across the nation when it is implemented in 2007.

### International Networking and Collaboration

Together with representatives of the Department of Zakat, Wakaf and Haji (JZWH) of the Prime Minister's Department, the Attorney General's Chambers, the Ministry of Foreign Affairs and a panel of experts on the mechanics of Zakat (almsgiving) in the context of Sharia (Islamic Jurisprudence), SSM, as a member of the Steering Committee, provided input to establish the intended International Zakat Organisation that has been envisaged to enhance the process of zakat collection from nations within the Organisation of the Islamic Conference (OIC) which would be distributed to Islamic nations in need.

The **Corporate Registers Forum 2006** saw its biggest participation so far since its inception in 2004, with 15 jurisdictions, including Australia, New Zealand, Canada, Cook

## Strategy 5 (cont'd.)

Islands, Fiji, Hong Kong, India, Malaysia, Mauritius, Samoa, Singapore, Tonga, South Africa, United Kingdom and Vanuatu participating in the forum held in Hong Kong. Our CEO and General Manager for the Corporate Planning, Policy & Development Department presented two papers, 'The Companies Commission of Malaysia's Approach Toward Better Corporate Compliance' and 'Company Law Reform Updates' respectively, in line with the theme of the forum – 'Compliance & Enforcement and the Role of Companies Registries in Promoting Economic and Business Development'.

Our CEO has been appointed to the Executive Committee of the Forum and we are proud to have been selected to be a co-host, together with the Accounting and Corporate Regulatory Authority Singapore (ACRA), to organise the Corporate Registers Forum in 2007 when corporate registries and regulators from around the world convene once again at this annual event to share information and views in Malaysia and Singapore.

### SSM website and publications

We have adopted the use the acronym of SSM, an abbreviation of the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia), as a brand name in the past year. Short and simple – it is easily recognised by the public and also serves as a memory aid to the web address of our official corporate website ([www.ssm.com.my](http://www.ssm.com.my)).

Our website was revamped in the past year. A new design with more user-friendly features was introduced at the end of July. Content of the initial version was only in Bahasa Malaysia but the English version has since been developed and will be uploaded in the first quarter of 2007.

In addition to publishing the guidebook on prescribed forms of the Companies Act 1965 (Completing Prescribed Forms – Companies Act 1965) together with the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), SSM also contributed an article – The Evolution and Implementation of Corporate Governance Provisions under the Companies Act 1965 – which was included by the Malaysian Institute of Integrity in its publication entitled 'Good Governance for Development'.

We have utilised media columns in two major newspapers (*Berita Harian* and *New Straits Times*) since December 2005 to continuously educate and create greater awareness of SSM and its roles and functions amongst the public. Press releases, press conferences, interviews and advertisements were implemented throughout 2006 to update the public on our latest developments.

Strategy 6 (cont'd.)

**Media Columns and Publications 2006**

<b>Activity</b>	<b>Date</b>	<b>Details</b>
<b>Media Columns</b>		<b>Titles of articles published:</b>
• <i>Berita Harian</i> (BH)	18.01.2006 (BH)	• <i>Syarikat Berhad Menurut Saham</i>
	01.02.2006 (NST)	• Company Limited By Shares
• New Straits Times (NST)	15.02.2006 (BH)	• <i>Syarikat Berhad Menurut Jaminan</i>
	08.03.2006 (NST)	• Company Limited By Guarantee
	15.03.2006 (BH)	• <i>Definasi Perniagaan</i> (Definition of a Business)
	10.05.2006 (BH)	• <i>Pembangunan Produk</i>
	31.05.2006 (NST)	• Product Development
	28.06.2006 (BH)	• <i>Pencapaian dan Inisiatif Bahagian Penguatkuasaan &amp; Perundangan Meningkatkan Tahap Pematuhan Korporat</i>
	28.06.2006 (NST)	• Achievements and Initiatives of Enforcement & Legal Divisions Towards Better Corporate Compliance
	23.08.2006 (NST)	• SSM ICT Initiative and Achievements Towards Better Corporate Governance and Ethical Businesses ( <i>Inisiatif dan Pencapaian ICT SSM Ke Arah Tadbir Urus Korporat dan Etika Perniagaan Yang Baik</i> )
	04.10.2006 (BH)	• <i>Inisiatif Semakan Semula Undang-Undang Korporat Oleh SSM: Tinjauan – Bhgn 1</i>
	06.10.2006 (NST)	• Corporate Law Reform Initiative by the Companies Commission of Malaysia: An Overview Part 1
	11.10.2006 (BH)	• <i>Inisiatif Semakan Semula Undang-Undang Korporat Oleh SSM: Tinjauan – Bhgn 2</i>
		• Corporate Law Reform Initiative by the Companies Commission of Malaysia: An Overview Part 2
	08.11.2006 (BH)	• <i>Profesion Setiausaha Syarikat Perlukan Pemantauan Yang Berkesan Seiring Dengan Perkembangan Sektor Korporat</i>
	29.11.2006 (NST)	• Effective Surveillance on Company Secretary in Line with Corporate Development
<b>Buletin SSM</b>	January – March April – June July – September October – December	• Published quarterly starting in 2006.

## Strategy 6:

### Develop human capital, competent services at all times

#### **Objective**

To develop and retain competent and multi-skilled human resources.

#### **What was done**

##### **Completion of organisation structure review:**

SSM's new organisation structure was approved to take effect from 1 January 2007.

##### **Full implementation of the Performance and Competency Management System (PCMS):**

The PCMS was fully implemented for the 2006 appraisal exercise to measure SSM's employee performance.

##### **Automation of the Human Resource Information System (HRIS):**

The HRIS was installed and is currently operational.

##### **Formation of SSM's new shared values:**

The five new thrusts of SSM's shared values were introduced.

##### **Development of human resources for long-term growth:**

Various development and training programmes were organised to enhance employees' proficiency and competency levels.

##### **Various employee welfare programmes carried out:**

The new SSM Club was registered and 27 employee welfare programmes were organised.

Strategy 6 (cont'd.)

### Completion of organisation structure review

This project was completed and approved with the aim to strengthen SSM's resources to support newly created job scopes and to meet stakeholders' expectations. The review resulted in a realignment of the organisation structure and an increase in new positions, especially in the Enforcement Division where the total staff strength was increased to 1,186. Recruitment to fill these new positions were carefully done, with emphasis on recruiting exceptional and highly specialised talents to complement and fulfil SSM's long-term strategic plans.

### Full implementation of the PCMS

The Performance and Competency Management System (PCMS) which seeks to inculcate a result driven and performance-oriented culture completed its first cycle in 2006. Through this programme, SSM staff have been rewarded on a variable basis in terms of both bonus and annual increments respectively. In addition, a special recognition award has been introduced to recognise individual and team achievements; with the best being nominated for the annual CEO's award.

### Automation of the HRIS

In 2006, the SSM successfully rolled out its new Human Resource Information System (HRIS) which has automated the routine HR processes and allows HR personnel to focus on value-added services for SSM.

### Formation of SSM's new shared values

Subsequent to the review of SSM's organisation structure which was conducted during the year, SSM has also embarked on an initiative to re-determine SSM's core values via consensus to drive actions with crystal clear, meaningful fundamentals. SSM's corporate values underpin its relationships – internally as well as with its external stakeholders. SSM believes in leading by values which entails empowering its workforce to behave and act according to the shared values that they themselves had shaped and accepted (see page 85).



Strategy 6 (cont'd.)

### Development of human resources for long-term growth

In 2006, a total of 1,635 technical and management development programmes were attended by SSM's employees. A total of 27 training programmes which covered technical and legal courses were conducted in-house by SSM, and a total of 297 external programmes, namely courses of various disciplines, were attended by SSM's employees. On top of that, another 40 executives were sent to participate in advanced overseas programmes together with a leadership programme for all SSM senior managers. The leadership programme was held on Pulau Redang with the purpose of cultivating and exposing SSM's secondliners to new leadership tools such as the 360-degree feedback session as well as coaching and mentoring skills. The programme was well received by the participants and it will be continued on a yearly basis.

As a result, many achievements and milestones created during the year can be attributed to the marked enhancement on the level of SSM's workforce competency. For example, improvements in the delivery system for registration of companies and businesses were made possible through the successful re-training and re-deployment of relevant officers; with an emphasis on multi-skilled capabilities. Re-training, with focus on "multi-tasking", has proven to be effective in ensuring that the officers are able to carry out their job functions efficiently. Another highlight is in relation to the operationalisation of the SSM Training Academy. With the creation of new positions under the new organisation structure, this initiative which will certainly move SSM forward.

### Various employee welfare programmes carried out

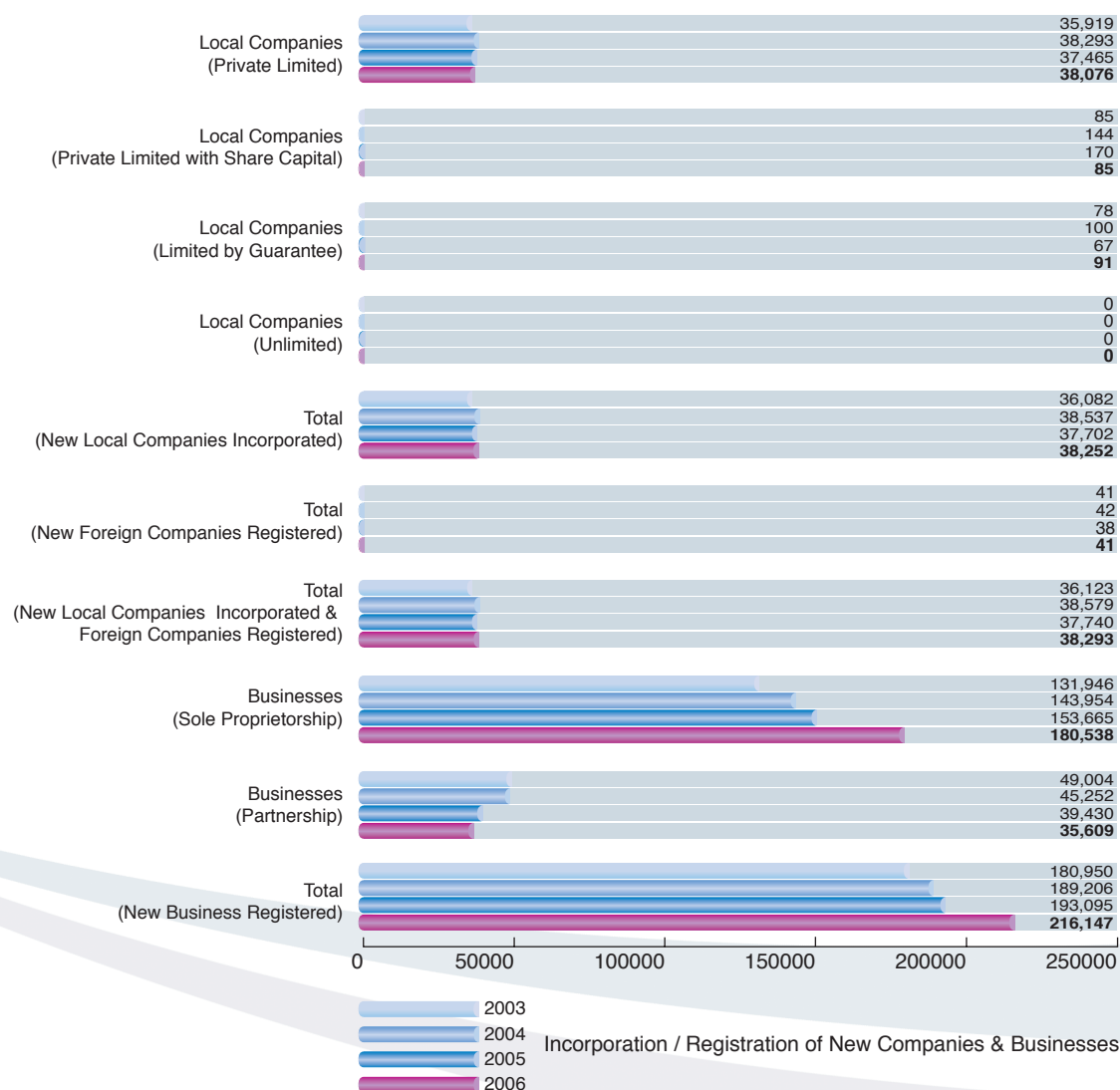
A total of 27 carefully designed programmes have been carried out and have shown a positive impact in nurturing better working relationships amongst employees. Among the programmes carried out in 2006 were sports days, various motivational talks, children motivation camps, counselling sessions and the inaugural SSM Golf Tournament. Another milestone was created in 2006 whereby SSM successfully registered its own 'SSM Club' to manage employees' welfare programmes on a participative basis.



# Key Statistics – Corporate & Business Data 2006

## Incorporation/Registration of New Companies & Businesses

	2003	2004	2005	2006	Annual Change (2005-2006)
Local companies (private limited)	35,919	38,293	37,465	<b>38,076</b>	1.6%
Local companies (public limited with share capital)	85	144	170	<b>85</b>	- 50.0%
Local companies (limited by guarantee)	78	100	67	<b>91</b>	35.8%
Local companies (unlimited)	0	0	0	<b>0</b>	0%
<b>Total (new local companies incorporated)</b>	<b>36,082</b>	<b>38,537</b>	<b>37,702</b>	<b>38,252</b>	<b>1.5%</b>
<b>Total (new foreign companies registered)</b>	<b>41</b>	<b>42</b>	<b>38</b>	<b>41</b>	<b>7.9%</b>
<b>Total (new local companies incorporated and foreign companies registered)</b>	<b>36,123</b>	<b>38,579</b>	<b>37,740</b>	<b>38,293</b>	<b>1.5%</b>
Businesses (sole proprietorship)	131,946	143,954	153,665	180,538	17.5%
Businesses (partnership)	49,004	45,252	39,430	35,609	- 9.7%
<b>Total (new businesses registered)</b>	<b>180,950</b>	<b>189,206</b>	<b>193,095</b>	<b>216,147</b>	<b>11.9%</b>



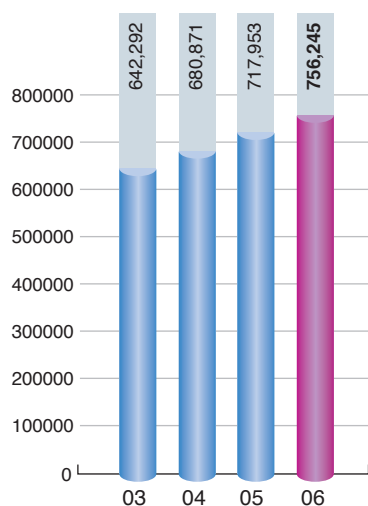
## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

In 2006, a smaller percentage of increase was recorded for the incorporation of new companies in the wake of several key developments such as changing economic conditions and volatile capital markets affecting business sentiments. There was generally a cautious mood in the corporate sector amidst concerns, which were mainly on the inflationary impact of a sudden and sharp rise in oil prices fuelling higher costs, triggering hikes in interest rates and creating recession.

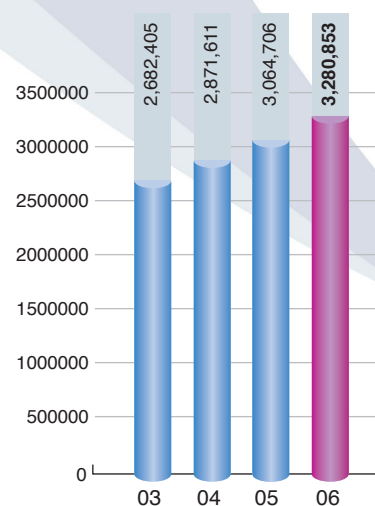
An initiative by SSM to enhance participation by small and medium enterprises in the business and entrepreneurial sectors was implemented through the Business Registration Mobile Counters (BRMC). The main objective of this service is to facilitate petty traders to register their businesses as required under section 5(1) of the Registration of Businesses Act 1956, and to educate the public on the importance of registering their businesses, as well as the benefits and protection that they can obtain from the law. A greater number of new businesses was registered in 2006 (annual increase of 11.9% compared to 2.1% in the year before) and this is projected to continue.

## Total Number of Companies and Businesses in the Register

	2003	2004	2005	2006	Annual Change (2005-2006)
Registered companies in the register at 31 December	642,292	680,871	717,953	<b>756,245</b>	5.3%
Registered businesses in the register at 31 December	2,682,405	2,871,611	3,064,706	<b>3,280,853</b>	7.1%



Registered Companies in the Register at 31 December  
Annual Change (2005 - 2006) 5.3%



Registered Businesses in the Register at 31 December  
Annual Change (2005 - 2006) 7.1%

## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

Domestic demand is expected to provide the impetus for growth, supported by a boost in government expenditure in the fourth quarter onwards. Surveys by the Malaysian Institute of Economic Research (MIER) also indicate that optimism is prevalent as a result of incentives in Budget 2007, economic diversity and the anticipated ability to ride on the East Asian growth.

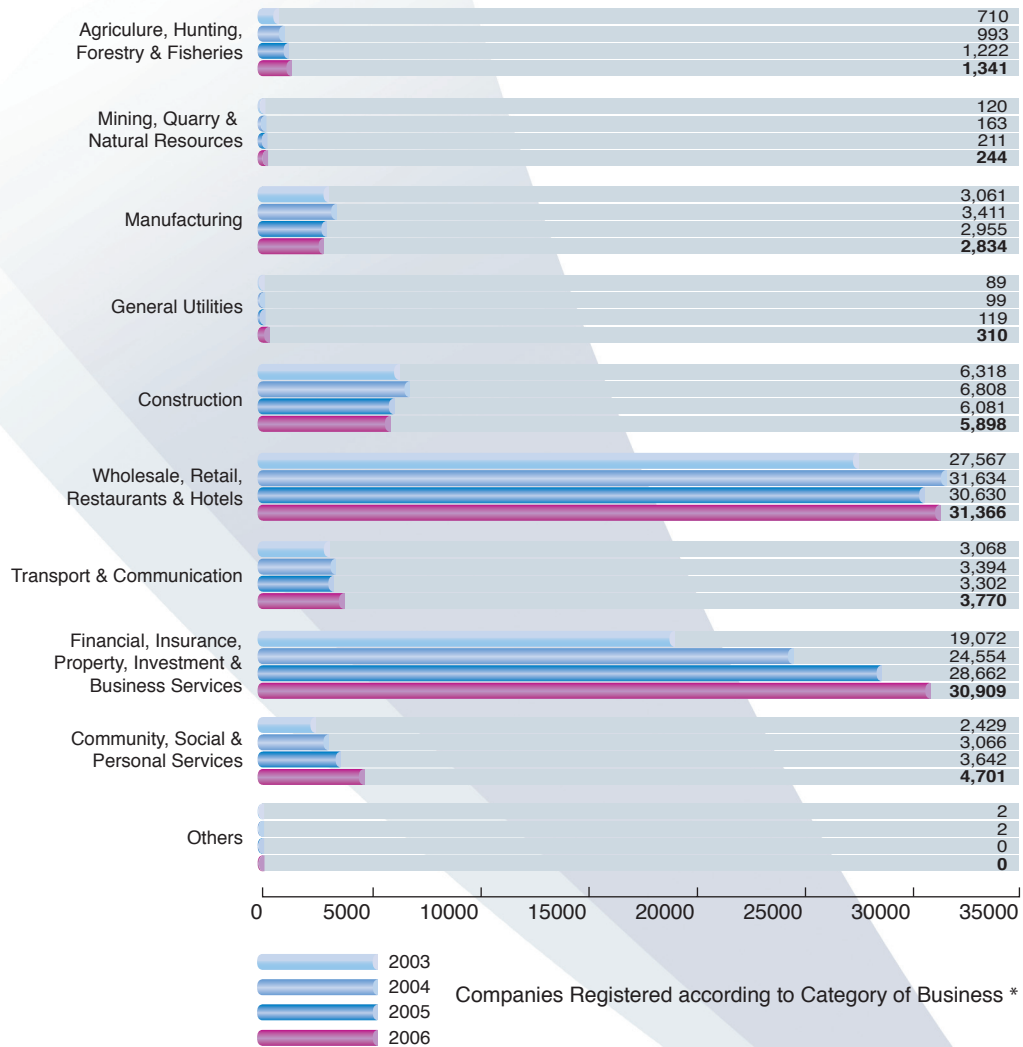
Statistics in the table below show that nearly all sectors recorded an increase in the number of companies registered according to category of business for 2006.

**Companies Registered according to Category of Business\***

	2003	2004	2005	2006	Annual Change (2005-2006)
Agriculture, Hunting, Forestry & Fisheries	710	993	1,222	<b>1,341</b>	9.7%
Mining, Quarry & Natural Resources	120	163	211	<b>244</b>	15.6%
Manufacturing	3,061	3,411	2,955	<b>2,834</b>	- 4.1%
General Utilities	89	99	119	<b>310</b>	160.5%
Construction	6,318	6,808	6,081	<b>5,898</b>	- 3.0%
Wholesale, Retail, Restaurants & Hotels	27,567	31,634	30,630	<b>31,366</b>	2.4%
Transport & Communication	3,068	3,394	3,302	<b>3,770</b>	14.2%
Financial, Insurance, Property, Investment & Business Services	19,072	24,554	28,662	<b>30,909</b>	7.8%
Community, Social and Personal Services	2,429	3,066	3,624	<b>4,701</b>	29.7%
Others	2	2	0	<b>0</b>	0%
<b>Total (number of companies)</b>	<b>62,436</b>	<b>74,124</b>	<b>76,806</b>	<b>81,373</b>	<b>5.9%</b>

**\*Note :** The total number of companies is greater than the total number registered because each company may carry out more than one type of business.

## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)



Wholesale, Retail, Restaurants & Hotels and Financial, Insurance, Property, Investment & Business Services remained the most popular categories of business, both recording slight growth (2.4% and 7.8% respectively) in the number of companies registered in 2006.

There was, however, lacklustre performance in the construction and manufacturing sectors in 2006.

## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

The continued decline in the number of companies registered under the Construction category (second year in a row) can be attributed to poor earnings amongst industry players as a result of fewer infrastructure projects following the completion of many privatised projects as well as fewer mega projects being undertaken by the Government.

The smaller number of companies registered under the Manufacturing category reflects an increase in imported inputs and slightly lesser new foreign direct investments being channelled for manufacturing.

The automotive sector (which falls under the Manufacturing category) was affected by stricter credit conditions, lower prices for used cars, higher prices for fuel and a higher cost of living amongst other reasons. According to the third quarter report of '2006 Malaysian Economic Outlook' published by the Malaysian Institute of Economic Research (MIER), the Automotive Industry Index (All) slipped 13.8 points (from 77.8 to 64.0 points) in the third quarter despite the release of the National Automotive Policy (NAP) earlier in the year. Poor sales in the third quarter resulted in a glut of unsold new and used cars in the market.

The Government has announced greater incentives for the development of dynamic industrial clusters and small and medium-scale enterprises to encourage strategic alliances in high value-added and high-tech industries. Funds will also be made available to promote export-oriented industries, besides electrical and electronics, as well as to explore new markets to boost the resilience of the manufacturing sector. This sector will be guided by the Third Industrial Master Plan (IMP3 2006-2020).

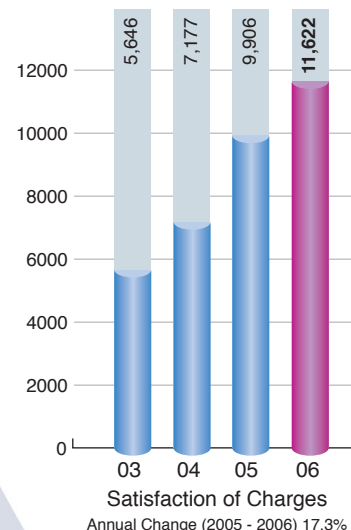
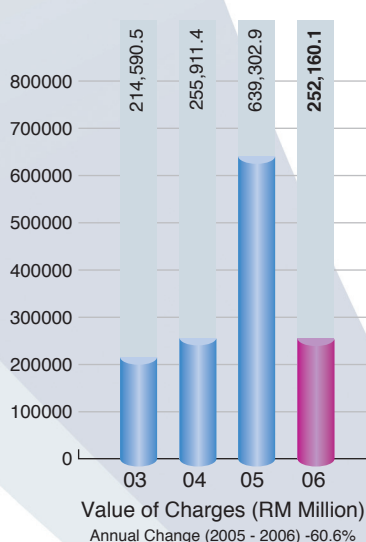
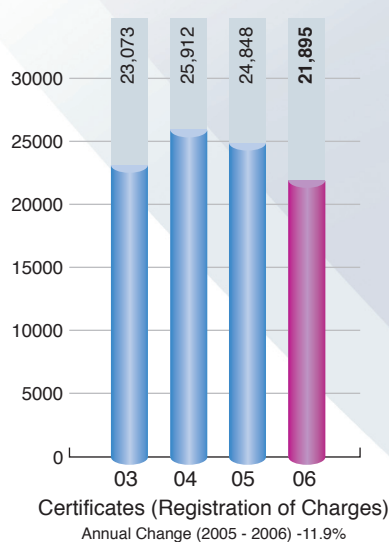
Increased spending in the Ninth Malaysia Plan (2006-2010) as well as funding under the Private Finance Initiatives (PFIs) is expected to lead to an improved economic growth as new infrastructure and utilities project commence. Emphasis will be on moving the economy up the value-added chain, particularly in the manufacturing, services and agriculture sectors. The Government will develop essential infrastructure and amenities, especially in the less developed states which require new schools, housing and electricity.

The natural advantage of each region will also be leveraged upon, e.g. resource-based manufacturing, craft-based industries, downstream agro-based activities and eco-tourism. A higher development allocation for all states across the nation augers well for companies and businesses in general.

## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

**Registration & Satisfaction of Charges**

	2003	2004	2005	2006	Annual Change (2005-2006)
Certificates (registration of charges)	23,073	25,912	24,848	<b>21,895</b>	– 11.9%
Value of charges (RM million)	214,590.5	255,911.4	639,302.9	<b>252,160.1</b>	– 60.6%
Satisfaction of charges	5,646	7,177	9,906	<b>11,622</b>	17.3%



Fewer certificates for registration of charges were issued in 2006 and the value of charges decreased by 60.6%. This was matched by a 17.3% increase in the value of charges satisfied during the year, when signs of a moderate pace of economic growth were apparent in various nations across the region.

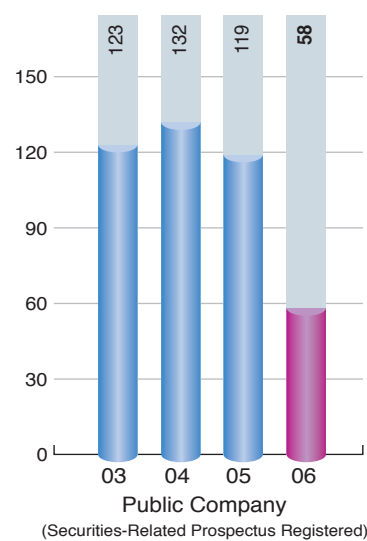
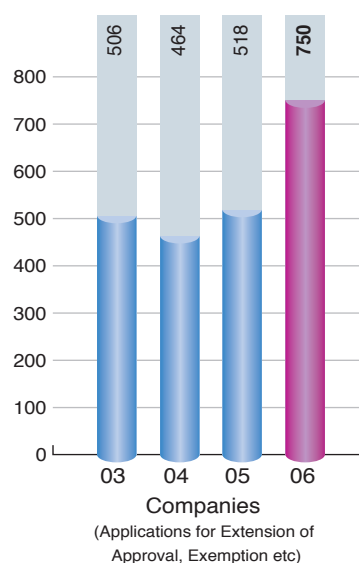
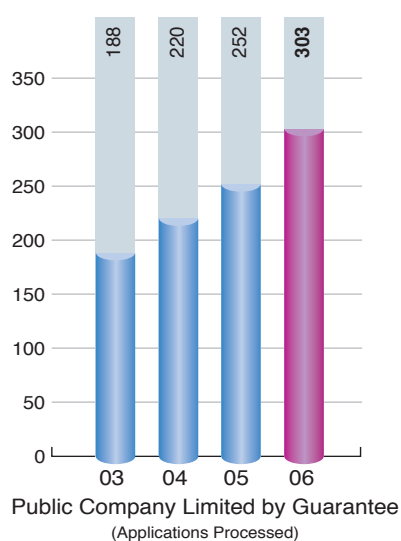
Malaysia has succeeded in reducing the budget deficit, expanding the economy, controlling inflation and increasing external trade. All of our nation's economic sectors (e.g. manufacturing, services and agriculture) have started to experience growth in the last quarter of 2006. Loans provided by the banks, including private debt securities to businesses, have expanded – reflecting the continued support of private sector investment activities. The gradual lowering of corporate taxes by the Government is aimed at encouraging investments. The next year is expected to be a busy year for SSM – business as usual, with special efforts in place to further improve the service delivery system.



## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

**Corporate Applications**

	2003	2004	2005	2006	Annual Change (2005-2006)
Public company limited by guarantee (applications processed)	188	220	252	<b>303</b>	20.2%
Companies (applications for extension of time, relief, exemption etc.)	506	464	518	<b>750</b>	44.8%
Public company (securities- related prospectus registered)	123	132	119	<b>58</b>	- 51.3%



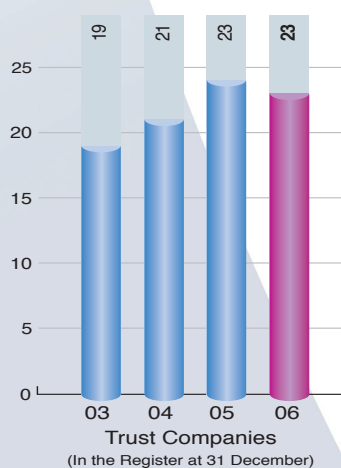
There was an annual increase of 20.2% in the total number of applications processed for public companies limited by guarantee, compared with 14.5% in 2005. There was also an annual increase of 44.8% in the total number of miscellaneous applications (for extension of time, relief, exemption etc.) by companies, compared with 11.6% in 2005. In contrast, the total number of securities-related prospectuses registered by public companies decreased by 51.3% in comparison with 9.8% in 2005.

We have also been reviewing the activities of trust companies in the past year. On 1 November 2006, a meeting was held with the Association of Trust Companies Malaysia (ATCM) to discuss issues related to members of ATCM acting as trustees for clubs and timeshare schemes. This is aligned with our efforts to revise the Trust Companies Act 1949 to make it contemporary and relevant to the current business environment.

Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

**Trust Company Applications**

	2003	2004	2005	2006	Annual Change (2005-2006)
Number of Trust Companies (in the register at 31 December)	19	21	23	23	0%



Based on the liability statements of trust companies submitted as at 31 December 2006, total liabilities in trust capacity stood at around RM 188 billion, comprising the following activities:

**Types of Activities**

	Value (RM)	Percentage (%)
Corporate Trust	141,685,053,955	74.97
Investment & Holdings / Land & Building	20,327,249,260	10.76
Unit Trust Funds	11,662,637,563	6.17
Share in Trust / Money Market	7,032,596,824	3.72
Cash in Trust Account / Fixed Deposit	5,425,902,331	2.87
Custodian Trust & Retirement Funds	2,707,869,613	1.43
Private Trust	75,808,102	0.04
Clubs / Time Shares	57,656,783	0.03
Group / Trust Funds	5,460,152	0.003
<b>Total</b>	<b>188,980,232,583</b>	<b>100.00</b>

**SSM regulates trust companies and companies managing interest schemes.**

Key Statistics – Corporate & Business Data 2006 (cont'd.)

### Interest Scheme Section

Generally, there is an increase in the total number of membership sold in 2006 by 5.5%. There is also an increase of 12 % in the total value of membership.

Prior to the offer of membership to the public, a copy of the prospectus must be registered with SSM. Upon registration, SSM will issue a Certificate of Registration of Prospectus.

The Policy Guidelines issued by SSM require all interest schemes to appoint Chief Executive Officers who should be responsible for the operations of the schemes and personally look into and solve all complaints relating to the schemes. Prior to such appointments, approvals must be obtained from SSM.

As stipulated in the Companies Act 1965 and the trust deed, trustees must ensure that the interest of members is preserved. Only trust companies registered under the Trust Companies Act 1949 can be appointed as trustees. All appointments of trustees must obtain prior approval from the Minister. The trustees are required to report to SSM any non-compliance with the covenants in the trust deeds by the operators.

SSM often has discussions and meetings with Malaysian Holiday Timeshare Developers' Federation (MHTDF) on various issues that arise. On 23 April 2006, representatives of MHTDF paid a courtesy call on our CEO and gave a briefing on the timeshare industry.

A joint seminar was organised by SSM together with Malaysian Association of Golf and Recreational Club Owners Bhd (MAGRO) on 4 September 2006. Our intention is to encourage more golf and recreational club owners to join MAGRO in promoting their interests and handling issues as one body and to enable MAGRO to speak with one voice. This initiative is envisaged to eventually lead to self-regulation within the industry.

### Interest Schemes

	2004	2005	2006
Golf and recreational club (GR)	68	68	69
Unlisted golf and recreational club (GR(S))	19	19	19
Recreational club (R)	29	29	29
Unlisted recreational club (R(S))	3	3	3
Timesharing scheme	22	24	24
Marina club	9	9	9
Memorial park	3	3	3
<b>Total (number of interest schemes)</b>	<b>153</b>	<b>155</b>	<b>156</b>

Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

**Interest Schemes (cont'd)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>
Golf and recreational club (GR)	106,583	108,507	<b>111,795</b>
Unlisted golf and recreational club (GR(S))	43,940	44,787	<b>52,414</b>
Recreational club (R)	61,241	61,368	<b>58,690</b>
Unlisted recreational club (R(S))	12,938	12,938	<b>16,670</b>
Timesharing scheme	123,164	134,203	<b>142,012</b>
Marina club	1,143	1,143	<b>1,143</b>
Memorial park	3,745	4,303	<b>4,830</b>
<b>Total (estimated number of membership sold)</b>	<b>352,754</b>	<b>367,249</b>	<b>387,554</b>
Golf and recreational club (GR)	4,429.4	4,538.0	<b>4,993.3</b>
Unlisted golf and recreational club (GR(S))	535.5	704.0	<b>852.7</b>
Recreational club (R)	342.7	325.4	<b>332.5</b>
Unlisted recreational club (R(S))	64.3	64.3	<b>211.7</b>
Timesharing scheme	1,543.8	1,705.4	<b>1,847.5</b>
Marina club	24.2	24.2	<b>24.2</b>
Memorial park	61.5	71.8	<b>80.4</b>
<b>Total (estimated value of membership) (RM million)</b>	<b>7,001.4</b>	<b>7,433.1</b>	<b>8,342.3</b>

As all timeshare companies possess computer systems that contain a database of members' information as well as cater for reservations of holiday accommodations, our officers inspected the computer reservation systems of all timeshare companies in 2006 to ensure the integrity of the schemes on offer.

We have monitored and will continue to monitor and investigate reports made by the industry on issues arising from companies marketing and offering resale of timeshare memberships at prices higher than the original contract together with various promises, but with no assurance that the promises would be honoured.

*One initiative undertaken by SSM in collaboration with the Malaysian Holiday Timeshare Developers' Federation (MHTDF) to protect the interest of potential investors in timeshare schemes was the launch of the Consumer Guide on Timeshare in 2006. This publication contains relevant industry information which enables potential purchasers to understand the products better and make an informed decision on their purchase of timeshare memberships.*

# Meeting Future Challenges

The International Monetary Fund (IMF), in its September 2006 World Economic Outlook, projected global growth to moderate from 5.1% in 2006 to 4.9% in 2007. The US and European economies are projected to slow down. The Japanese economy is recovering, but forecasted to be moderate. China's steady growth is also predicted to be moderate, thus lowering overall growth across Asia. With the slowdown in major world economies, one of the challenges in 2007 will be to ensure that Malaysia stays relevant in the global economy.

Seven strategies for more change and new developments have been formulated to meet target objectives and challenges in the year ahead. These strategies have been carefully formulated after taking into consideration the economic outlook for 2007 as well as the recommendations stipulated under our Strategic Direction Plan.

A clear vision and a determined focus to address any shortcomings or inadequacies and to further build on our strengths and expand our reach will drive our aspiration of being recognised as a true centre of excellence in 2008.

An overview of strategies and action plans for the upcoming year are summarised in the following chart:

## Strategies & Action Plan 2007

2007	Q1	Q2	Q3	Q4
<b>Strategy 1:</b> To develop SSM's IT Master Plan to enhance the overall IT infrastructure and ensure an efficient delivery system.	<b>E-lodgement project:</b> Enable companies to lodge requisite documentation online.			
	<b>Total review of SSM's ICT infrastructure, application and services, and development of an ICT master plan:</b> Further improve the delivery system and internal operations.			
<b>Strategy 2:</b> To achieve excellence in SSM's enforcement and promote continuous education to advocate good corporate governance.	<b>Robust monitoring, inspection, investigation and prosecution:</b> Achieve a compliance rate above 85% and ensure quality documentation and timeliness of all cases for investigation and prosecution.			
	<b>Conduct seminars, lectures, Corporate Directors Training Programme (CDTP) and other relevant training programmes:</b> Further educate the business community on their roles and responsibilities to ensure good corporate governance.			

## Key Statistics – Corporate &amp; Business Data 2006 (cont'd.)

2007	Q1	Q2	Q3	Q4
<b>Strategy 3 :</b> To develop and modernise the corporate regulatory framework to create a conducive regulatory environment for Malaysia.	<b>Corporate Law Reform Programme:</b> Continue the Corporate Law Reform Programme.			
	<b>Review of laws:</b> Tabling of the Registration of Businesses Act (ROBA), Companies Act, Trust Companies Bill (and consultation of the proposed Limited Liability Partnership (LLP) Bill and Companies Commission of Malaysia Act 2001.			
<b>Strategy 4:</b> To innovate and create new streams of revenue to ensure sustainable financial performance.	<b>Develop new products and services:</b> Continue the outreach programmes and development of new products to meet customer needs.			
<b>Strategy 5:</b> To improve SSM's internal business process for an effective and speedy delivery system.	<b>Re-engineer the internal business process:</b> Review the internal business process for further improvements and remove non value-added procedures.			
<b>Strategy 6:</b> To implement effective human resource policies focusing on training and development to enhance the technical and competency edge of SSM's workforce.	<b>Competency modelling project:</b> Enhance human capital.			
	<b>Human resource audit on productivity:</b> Determine the ideal number of manpower required at each state or branch office.			
<b>Strategy 7:</b> To further develop and position SSM as an outstanding corporate brand.	<b>Networking activities and outreach programmes:</b> Organise the Corporate Registers Forum 2007, Annual Dialogue, Corporate Practice Consultative Forum and participate in events organised by the Ministry of Domestic Trade and Consumer Affairs as well as relevant agencies.			
	<b>Re-branding exercise:</b> Enhance the corporate image of SSM.			

## Living Our Values

SSM is a statutory body regulating companies and businesses, a registration authority and a source of company and business information for the public.

We also serve to maintain global competitiveness for the nation, while encouraging enterprise within a healthy and dynamic environment towards the successful enhancement of a thriving business arena in Malaysia.

In tandem with our vision of being “a Centre of Excellence”, we are guided by the principle of “doing the right things right”.

### Our corporate values for better performance:

Teamwork	We work together collectively towards a common goal, learn from each other, and share our skills and resources for the benefit of our stakeholders.
Integrity	We are fully committed to integrity. We subscribe to superior work ethics and apply them professionally and responsibly in all areas of duties.
Continuous knowledge and skill enhancement	We encourage our employees to enhance their competencies, skills and knowledge with emphasis on the pursuit of continuous learning to promote creativity, quality and innovativeness.
Being result-driven	We set high standards and strive to exceed them. We are devoted to quality advancement of efficiency and productivity. We recognize and reward superior results.
Being Customer-oriented	We are determined to render outstanding service delivery so that our relationship with our clients will be long-lasting and mutually beneficial. We aim at anticipating customer needs to enable us to exceed their expectations.







# Companies Commission of Malaysia (SSM)

<b>SSM is</b>	<p><b>The national corporate and business registry and regulator of Malaysia and an active</b> advocate of corporate governance and corporate integrity.</p> <ul style="list-style-type: none"> <li>• <b>A registration authority.</b> A one-stop centre for all corporate and business-related matters.</li> <li>• <b>The sole custodian of company and business information.</b> A source and safe-keeper of important records.</li> <li>• <b>An enforcement authority.</b> A regulator that ensures compliance with the Acts and legislation it governs as well as an authority to initiate policy and regulatory reforms to change the laws and regulations within its jurisdiction, and to enforce them, in response to changing trade and industry practices.</li> </ul>
<b>Employees</b>	Employed a total of 1,186 employees throughout Malaysia as at 31.12.2006.
<b>Finance</b>	Total revenue of RM 276,485,568 in 2006 – up 9.8% from the year before. See page 61.
<b>Leadership</b>	The Chief Executive Officer (CEO), appointed by the Minister of Domestic Trade and Consumer Affairs, is responsible for the day-to-day running of SSM. He leads the execution of the strategic vision, and is supported by two deputies in charge of operations and corporate services and a Senior Director in charge of enforcement. The divisions are headed by Directors who are accountable for the realisation of division business plans. See pages 92-93 and 94-95.

## What we do

<b>Vision</b>	<ul style="list-style-type: none"> <li>• Promote and cultivate a conducive and dynamic business and regulatory environment.</li> <li>• Provide timely, accurate and value-added information and services enabled and enhanced by technology.</li> <li>• Instil good corporate governance through continuous education and effective surveillance and enforcement.</li> </ul>
<b>Mission</b>	To be a centre of excellence for corporate information, regulation, development and research, responsive to a dynamic business environment towards enhancing national economic competitiveness.
<b>Authority</b>	Empowered with the <b>statutory power and autonomy</b> to undertake all necessary duties and actions in connection with the performance of functions under <b>section 17 of Act 614</b> .

Companies Commission of Malaysia (SSM) (cont'd.)

**Functions** **Ensure that the provisions of Act 614 and other Acts and related legislation under the jurisdiction of SSM are administered, enforced, given effect to, carried out and complied with.**

**Act as agent of the Government** and provide services in administering, collecting and enforcing payment of prescribed fees or any other charges under the Acts and related legislation under the jurisdiction of SSM.

**Regulate matters relating to corporations, companies and businesses** in relation to the Acts and related legislation under the jurisdiction of SSM.

**Encourage and promote proper conduct** amongst directors, secretaries, managers and other officers of a corporation, and self-regulation by corporations, companies, businesses, industry groups and professional bodies in the corporate sector in order to ensure that all corporate and business activities are conducted in accordance with established norms of good corporate governance.

**Enhance and promote the supply of corporate information** under the Acts and related legislation under the jurisdiction of SSM, and create and develop a facility whereby any corporate information received by, or filed or lodged with SSM (custodian of corporate statutory records) may be analysed and supplied to the public.

**Carry out research and commission studies** on any matter relating to corporate and business activities.

**Advise the Minister** generally on matters relating to corporations, companies and businesses in relation to the Acts and related legislation under the jurisdiction of SSM.

**Carry out all such activities and do all such things as are necessary or advantageous and proper** for the administration of SSM, or for such other purpose as may be directed by the Minister.

*Acts under the jurisdiction of SSM:*

- *Companies Act 1965 (Act 125);*
- *Registration of Businesses Act 1956 (Act 197);*
- *Trust Companies Act 1949 (Act 100);*
- *Kootu Funds (Prohibition) Act 1971 (Act 28); and*
- *any subsidiary legislation made under the Acts specified above.*

# Management Directory (w.e.f. 01.01.2007)



*from left to right*

Zahrah Abd. Wahab Fenner  
Deputy Chief  
Executive Officer  
(Services)

Abdul Karim Abdul Jalil  
Chief Executive Officer

Khoo Beng Chit  
Deputy Chief  
Executive Officer  
(Operations)

Management Directory (cont'd.)



< **Muhammad Redzuan Abdullah**  
Director  
(Compliance Division)  
Note: Acting Senior Director, Enforcement Division (till 31.08.2006)

**Noorbahri Baharuddin** >  
(from 01.09.2006)  
Senior Director  
(Enforcement)



**Khuzairi Yahaya**  
Director  
(Information and Communications  
Technology Division)



^ **Mohamed Zanyuin Ismail**  
Director  
(Business Development and  
Marketing Division)

**Nor Azimah Abdul Aziz**  
Director  
(Corporate Policy and  
Development Division)



v **Hajah Rokiah Mohd Noor**  
Director  
(Registration Services Division)

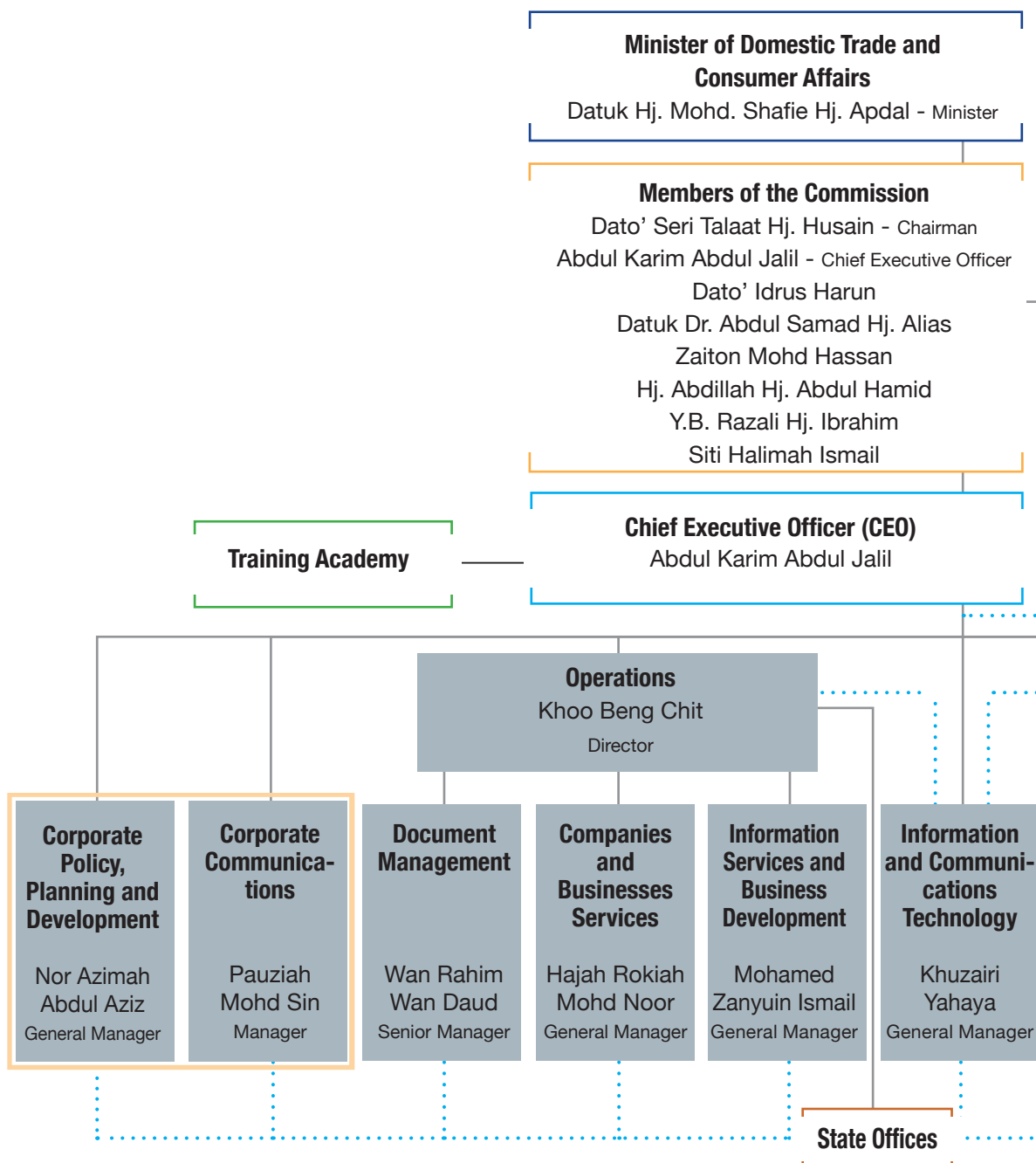


^ **Amir Ahmad**  
Director  
(Corporate Resources Division)

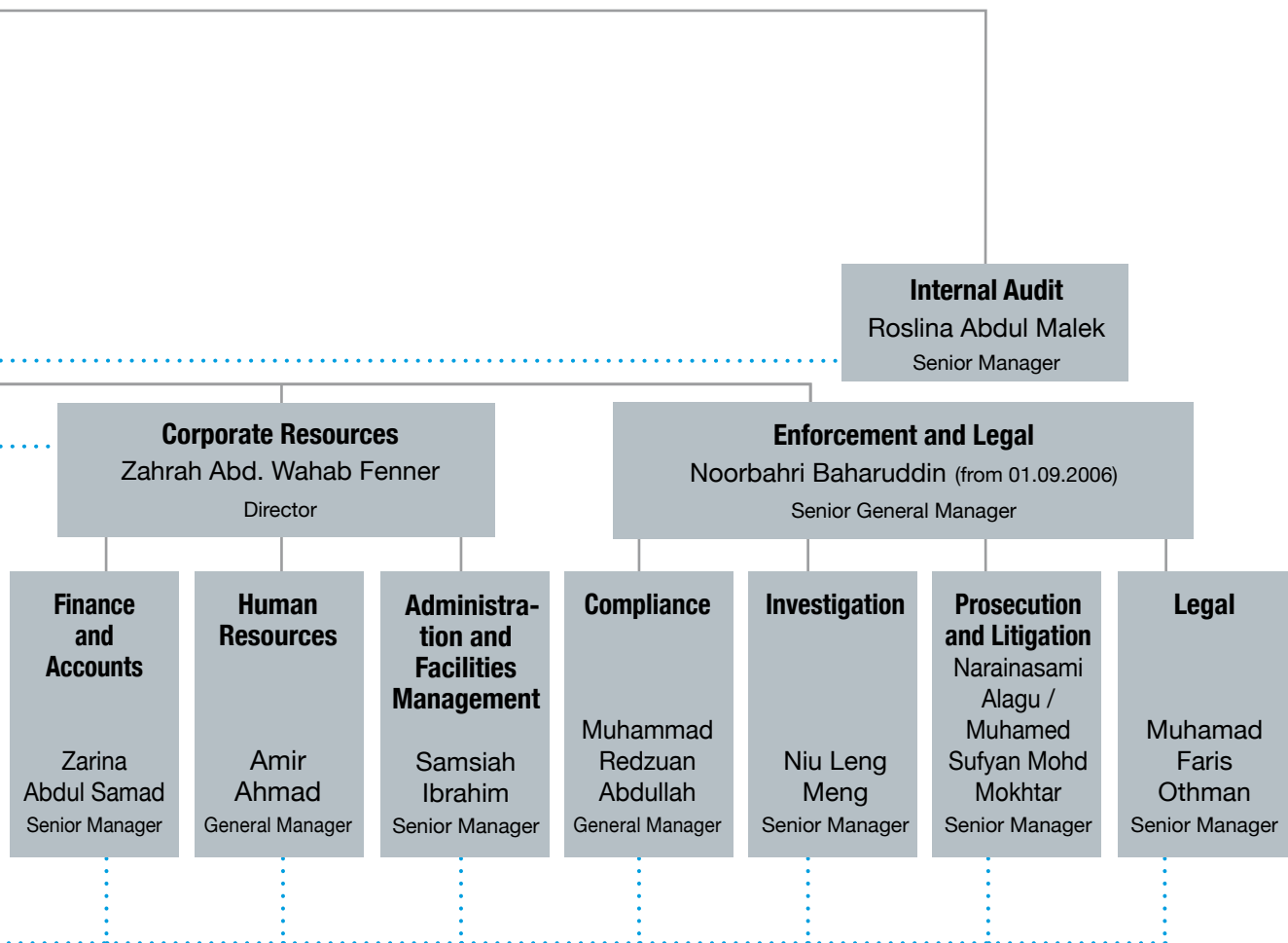
v **Roslina Abdul Malek**  
Head  
(Internal Audit Section)



# Our Organisation Structure (up to 31.12.2006)



- Minister's foreword, see page 4.
- Members of the Commission's profiles, see page 10.
- CEO's profile and report, see page 14 and page 19.
- The incubator training centre is being temporarily administered by the Corporate Policy, Planning and Development Department, see page 53.
- Muhammad Redzuan Abdullah, Acting Senior General Manager (up to 31 .08.2006).
- How to Find & Contact Us, see page 108.



**Legend:**

- Direct reports
- ..... Functional reports
- Office of the CEO

# New Organisation Structure (w.e.f. 01.01.2007)

**Minister of Domestic Trade and Consumer Affairs**

Datuk Hj. Mohd. Shafie Hj. Apdal - Minister

**Members of the Commission**

Dato' Seri Talaat Hj. Husain -

Chairman (up to 28.02.2007)

Mohd. Zain Mohd. Dom -

Chairman (from 01.03.2007)

Abdul Karim Abdul Jalil -

Chief Executive Officer

Dato' Idrus Harun

Datuk Dr. Abdul Samad Hj. Alias

Zaiton Mohd Hassan

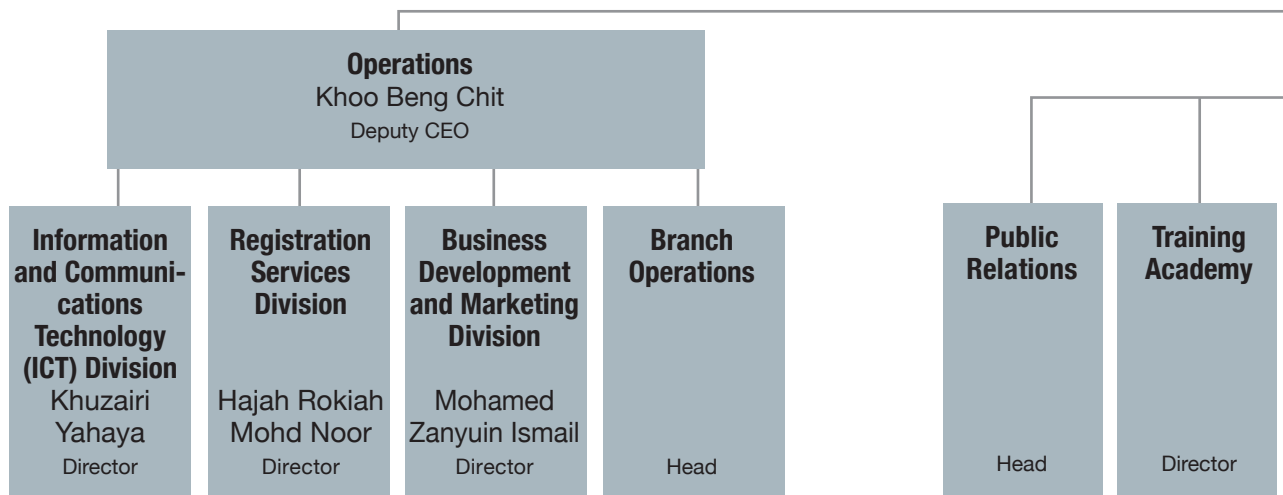
Hj. Abdillah Hj. Abdul Hamid

Y.B. Razali Hj. Ibrahim

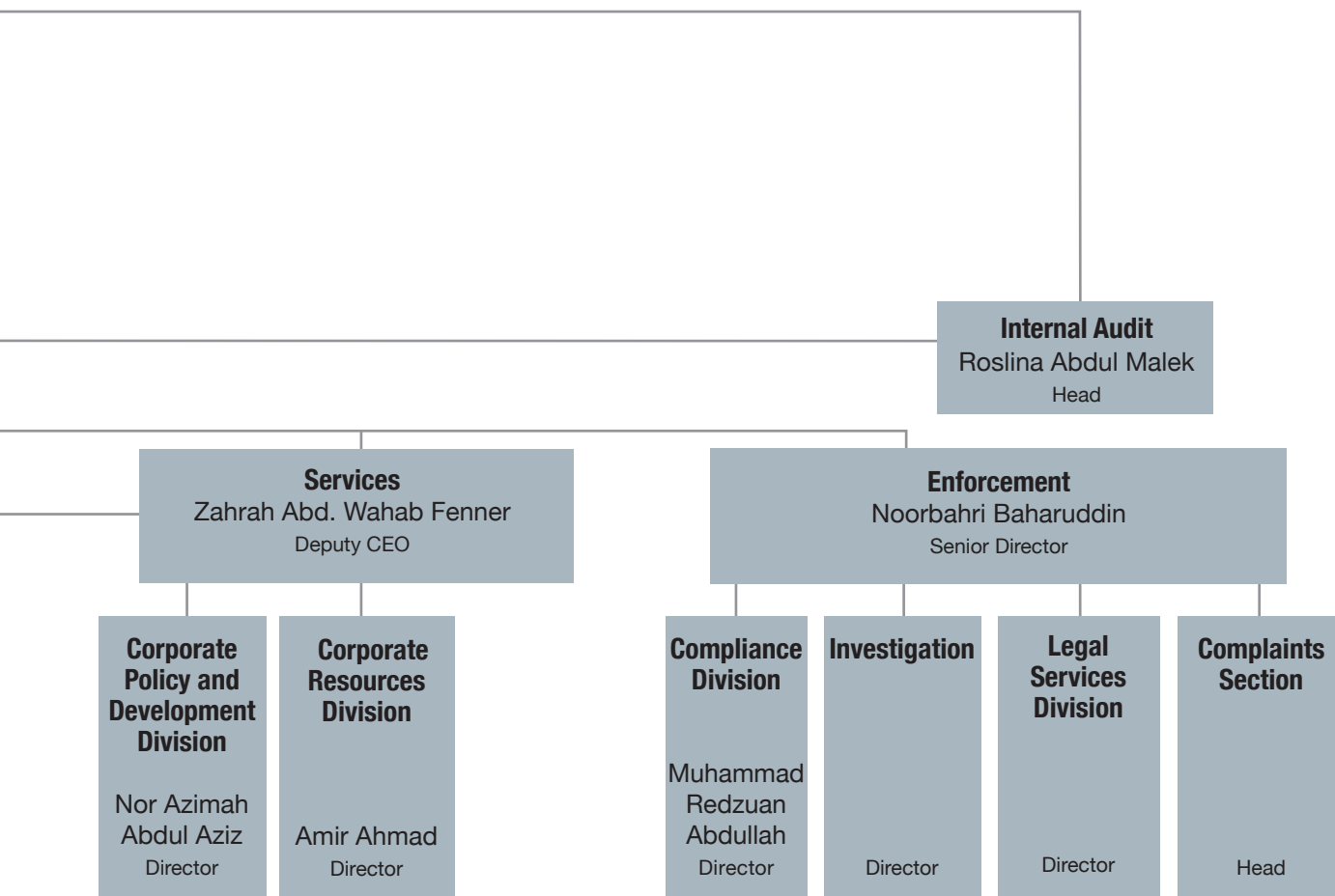
Siti Halimah Ismail

**Chief Executive Officer (CEO)**

Abdul Karim Abdul Jalil







A new organisation structure to support SSM's Strategic Direction Plan.

# SSM Divisions, Sections & Units (w.e.f. 01.01.2007)

Division	Section	Unit
Information and Communications Technology (ICT) / <i>Teknologi Maklumat dan Komunikasi</i>	<ul style="list-style-type: none"> <li>• Operations / <i>Operasi</i></li> <li>• Networking / <i>Rangkaian</i></li> <li>• Support Services / <i>Kaunter Khidmat Bantuan</i></li> <li>• ICT @ Branch / <i>ICT @ Cawangan</i></li> <li>• System Development / <i>Pembangunan Sistem</i></li> <li>• Planning &amp; E-Services / <i>Perancangan &amp; E-Perkhidmatan</i></li> </ul>	<ul style="list-style-type: none"> <li>• Operations &amp; Support / <i>Operasi &amp; Sokongan Keselamatan</i></li> <li>• Security Administration / <i>Pentadbiran Keselamatan</i></li> <li>• Security Administration / Network Management / <i>Pengurusan Rangkaian / Pentadbiran Keselamatan</i></li> <li>• Call Centre / OA Support / <i>Pusat Panggilan / Sokongan OA</i></li> <li>–</li> <li>• System Development / <i>Pembangunan Sistem</i></li> <li>• Database Management / <i>Pengurusan Pangkalan Data</i></li> <li>• ICT Planning / <i>Perancangan ICT</i></li> <li>• Quality Assurance / <i>Pematuhan Kualiti</i></li> <li>• Multimedia Development &amp; Product Development / <i>Pembangunan Multimedia &amp; Pembangunan Produk</i></li> </ul>
Registration Services / <i>Perkhidmatan Pendaftaran</i>	<ul style="list-style-type: none"> <li>• Company Registration / <i>Pendaftaran Syarikat</i></li> <li>• Business Registration / <i>Pendaftaran Perniagaan</i></li> <li>• Interest Schemes / <i>Skim Kepentingan</i></li> <li>• Corporate Administration / <i>Pengurusan Tadbir Korporat</i></li> </ul>	<ul style="list-style-type: none"> <li>• Name Search (Company) / <i>Carian Nama (Syarikat)</i></li> <li>• Incorporation / <i>Pemerbadanan</i></li> <li>• General Documents / <i>Dokumen Am</i></li> <li>• Charges / <i>Gadaian</i></li> <li>• Renewal of / Change in Business / <i>Pembaharuan / Perubahan Perniagaan</i></li> <li>• Termination of Business / <i>Penamatan Perniagaan</i></li> <li>• New Registration / <i>Pendaftaran Baru</i></li> <li>• Golf &amp; Recreational Club / <i>Kelab Golf &amp; Rekreasi</i></li> <li>• Timeshare / <i>Kongsi Masa</i></li> <li>• Corporate Application / <i>Permohonan Korporat</i></li> <li>• Company Limited By Guarantee / <i>Syarikat Menurut Jaminan</i></li> <li>• Trust Company / <i>Syarikat Amanah</i></li> </ul>

## SSM Divisions, Sections &amp; Units (cont'd.)

Division	Section	Unit
	<ul style="list-style-type: none"> <li>• Insolvency / <i>Insolvensi</i></li> </ul>	<ul style="list-style-type: none"> <li>• Company Dissolution / <i>Pembubaran Syarikat</i></li> <li>• Company Winding Up / <i>Penggulungan Syarikat</i></li> <li>• Striking Off Defunct Companies / <i>Pembatalan Syarikat Defunct</i></li> <li>• Asset Management (Company) / <i>Pengurusan Aset (Syarikat)</i></li> </ul>
Business Development and Marketing / <i>Pembangunan Perniagaan dan Pemasaran</i>	<ul style="list-style-type: none"> <li>• Product &amp; Business Development / <i>Produk &amp; Pembangunan Perniagaan</i></li> <li>• Customer Management / <i>Pengurusan Pelanggan</i></li> <li>• Information Services / <i>Perkhidmatan Maklumat</i></li> <li>• Document Management / <i>Pengurusan Dokumen</i></li> </ul>	<ul style="list-style-type: none"> <li>• Product Development / <i>Pembangunan Produk</i></li> <li>• Marketing &amp; Business Development / <i>Pemasaran &amp; Pembangunan Perniagaan</i></li> <li>• Customer Services / <i>Khidmat Pelanggan</i></li> <li>• Counter Services / <i>Perkhidmatan Kaunter</i></li> <li>• Supply of Information (Company) / <i>Bekalan Maklumat (Syarikat)</i></li> <li>• Supply of Information (Business) / <i>Bekalan Maklumat (Perniagaan)</i></li> <li>• Record Management / <i>Pengurusan Rekod</i></li> <li>• Document Scanning / <i>Pengimbasan Dokumen</i></li> </ul>
Branch Operations / <i>Operasi Cawangan</i>	<ul style="list-style-type: none"> <li>• Operations / <i>Operasi</i></li> </ul>	–
Public Relations / <i>Perhubungan Awam</i>	<ul style="list-style-type: none"> <li>• Public Relations / <i>Perhubungan Awam</i></li> <li>• Events Management / <i>Pengurusan Majlis</i></li> </ul>	–
Training Academy / <i>Akademi Latihan</i>	<ul style="list-style-type: none"> <li>• Employee Development / <i>Pembangunan Sumber Manusia</i></li> <li>• Resource Centre &amp; Admin / <i>Pusat Sumber &amp; Pentadbiran</i></li> <li>• Corporate Sector Program / <i>Program Sektor Korporat</i></li> </ul>	–
Corporate Policy and Development / <i>Polisi dan Pembangunan Korporat</i>	<ul style="list-style-type: none"> <li>• Legislative Policy Research &amp; Networking / <i>Penyelidikan Polisi Perundangan &amp; Rangkaian</i></li> </ul>	<ul style="list-style-type: none"> <li>• Law Reform Policy / <i>Polisi Reformasi Undang-Undang</i></li> <li>• Regulatory Policy / <i>Polisi Perundangan</i></li> </ul>

## SSM Divisions, Sections &amp; Units (cont'd.)

Division	Section	Unit
	<ul style="list-style-type: none"> <li>• Statistical / Data Research &amp; Networking / <i>Penyelidikan Statistik / Data &amp; Rangkaian</i></li> <li>• Corporate Planning / <i>Perancangan Korporat</i></li> </ul>	<ul style="list-style-type: none"> <li>• Statistics &amp; International Affairs / <i>Statistik &amp; Hal Ehwal Antarabangsa</i></li> <li>• Corporate Planning &amp; Programme Management Office (PMO) / <i>Perancangan Korporat &amp; PMO</i></li> <li>• Risk Management / <i>Pengurusan Risiko</i></li> <li>• Knowledge Management / <i>Pengurusan Ilmu</i></li> </ul>
Corporate Resources / <i>Sumber Korporat</i>	<ul style="list-style-type: none"> <li>• Finance &amp; Account / <i>Kewangan &amp; Akaun</i></li> <li>• Human Resource Management / <i>Pengurusan Sumber Manusia</i></li> <li>• Organisation Development / <i>Pembangunan Organisasi</i></li> <li>• Integrity &amp; Discipline / <i>Integriti &amp; Disiplin</i></li> <li>• Administration &amp; Facilities Management / <i>Pentadbiran dan Pengurusan Prasarana</i></li> </ul>	<ul style="list-style-type: none"> <li>• Payment &amp; Budget / <i>Bayaran &amp; Belanjawan</i></li> <li>• Accounts / <i>Akaun</i></li> <li>• Revenue &amp; Credit Control / <i>Hasil &amp; Kawalan Kredit</i></li> <li>• Investment &amp; Loan / <i>Pinjaman &amp; Pelaburan</i></li> <li>• Services / <i>Perkhidmatan</i></li> <li>• Payroll / <i>Gaji</i></li> <li>• Human Resource Information System (HRIS) / <i>Sistem Informasi Sumber Manusia (HRIS)</i></li> <li>• Human Resource Development &amp; Training / <i>Pembangunan Sumber Manusia &amp; Latihan</i></li> <li>• System Development &amp; Recruitment / <i>Pembangunan Sistem &amp; Pengambilan</i></li> <li>• Performance Management / <i>Pengurusan Prestasi</i></li> <li>• Employee Communication &amp; Welfare / <i>Perhubungan Pekerja &amp; Kebajikan</i></li> <li>–</li> <li>• Facilities Management / <i>Pengurusan Prasarana</i></li> <li>• Administration / <i>Pentadbiran</i></li> <li>• Procurement / <i>Perolehan</i></li> <li>• Quality Management / <i>Pengurusan Kualiti</i></li> </ul>
Compliance / <i>Pematuhan</i>	<ul style="list-style-type: none"> <li>• Surveillance / <i>Pemantauan</i></li> </ul>	<ul style="list-style-type: none"> <li>• Inspection / <i>Pemeriksaan</i></li> <li>• Surveillance / <i>Pemantauan</i></li> </ul>

## SSM Divisions, Sections &amp; Units (cont'd.)

Division	Section	Unit
	<ul style="list-style-type: none"> <li>• Corporate Account Monitoring / <i>Pengawasan Akaun Korporat</i></li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Report Monitoring / <i>Pengawasan Laporan Korporat</i></li> <li>• Auditor Monitoring / <i>Pengawasan Juruaudit</i></li> <li>• Trust Company &amp; Interest Scheme Monitoring / <i>Pengawasan Skim Kepentingan &amp; Syarikat Amanah</i></li> </ul>
	<ul style="list-style-type: none"> <li>• Secretary Licensing / <i>Pelesenan Setiausaha</i></li> </ul>	<ul style="list-style-type: none"> <li>• Secretary Licensing / <i>Pelesenan Setiausaha</i></li> <li>• Secretary Surveillance / <i>Pemantauan Setiausaha</i></li> </ul>
Investigation / <i>Penyasatan</i>	<ul style="list-style-type: none"> <li>• Financial &amp; Fraud / <i>Kewangan &amp; Kesalahan Frod (Fraud)</i></li> <li>• Corporate Governance / <i>Tadbir Urus Korporat</i></li> <li>• Special Projects / <i>Projek Khas</i></li> <li>• General Offences / <i>Kesalahan Am</i></li> <li>• Exhibit &amp; Register Management / <i>Pengurusan Daftar &amp; Ekshibit</i></li> </ul>	–
Legal Services / <i>Perkhidmatan Perundangan</i>	<ul style="list-style-type: none"> <li>• Prosecution / <i>Pendakwaan</i></li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance / <i>Tadbir Urus Korporat</i></li> <li>• Non-Corporate Governance / <i>Bukan Tadbir Urus Korporat</i></li> </ul>
	<ul style="list-style-type: none"> <li>• Litigation / <i>Litigasi (Guaman)</i></li> </ul>	–
	<ul style="list-style-type: none"> <li>• Legal / <i>Perundangan</i></li> </ul>	–
–	<ul style="list-style-type: none"> <li>• Complaints / <i>Aduan</i></li> </ul>	<ul style="list-style-type: none"> <li>• Complaints (ROB) / <i>Aduan (ROB)</i></li> <li>• Complaints (ROC) / <i>Aduan (ROC)</i></li> </ul>

# 100 Annual Report



## MODULE : Employee Self-Service (ESSNet)

User ID   
Password

Secure Session Mode

Please click here if you need assistance.

Note: If you know your User ID but have forgotten your password, you could simply click this button

to have your password retrieved or e-mailed to you.

Local intranet



# SSM Committees

## Audit Committee

Datuk Dr. Abdul Samad Hj. Alias  
(Chairperson)  
Dato' Idrus Harun  
Siti Halimah Ismail

## Disciplinary Committee

Dato' Seri Talaat Hj. Husain  
(Chairperson)  
*The members of this committee shall be in accordance with the Statutory Bodies (Disciplinary and Surcharge) Act 2000 (Act 605).*

## Investment Committee

Zaiton Mohd Hassan  
(Chairperson)  
Dato' Seri Talaat Hj. Husain  
Abdul Karim Abdul Jalil  
Zahrah Abd. Wahab Fenner

## Procurement Committee – Procurement Committee A

Dato' Seri Talaat Hj. Husain  
(Chairperson)  
Abdul Karim Abdul Jalil  
*2 Members of the Commission*  
*1 representative of the Secretary General of the Treasury*  
*2 employees of SSM appointed by the Chief Executive Officer*

## Procurement Committee – Procurement Committee B

Abdul Karim Abdul Jalil  
(Chairperson)  
Zahrah Abd. Wahab Fenner  
Khoo Beng Chit  
Mohamed Zanyuin Ismail  
Amir Ahmad  
Toh Kay Hong

## Project Steering Committee for Strategic Direction

Dato' Seri Talaat Hj. Husain  
(Chairperson)  
Datuk Dr. Abdul Samad Hj. Alias  
Zaiton Mohd Hassan  
Abdul Karim Abdul Jalil  
Zahrah Abd. Wahab Fenner  
Khoo Beng Chit  
Nor Azimah Abdul Aziz

## Employee Committee I

Abdul Karim Abdul Jalil  
(Chairperson)  
Dato' Idrus Harun  
Hj. Abdillah Hj. Abdul Hamid  
Siti Halimah Ismail

## Employee Committee II

Abdul Karim Abdul Jalil  
(Chairperson)  
Zahrah Abd. Wahab Fenner  
Khoo Beng Chit

## Corporate Law Reform Committee

Dato' K. C. Vohrah (Chairperson)  
Datuk Dr. Abdul Samad Hj. Alias (Member of the Commission)  
Abdul Karim Abdul Jalil (Chief Executive Officer)  
See Mee Chun (Attorney General's Chambers)  
Dr. Nik Ramlah Nik Mahmood (Securities Commission)  
Selvarany Rasiah (Bursa Malaysia)  
Philip Koh Tong Ngee (Advocate & Solicitor)  
Charon Wardini Mokhzani (Advocate & Solicitor)  
Peter Lee Siew Choong (Advocate & Solicitor)  
Eric Kang Shew Meng (Company Secretary)  
Mat Ghani Abdullah (Prime Minister's Department)  
Aslam Zainuddin (Prime Minister's Department)  
Dato' Loh Siew Cheang (Advocate & Solicitor)  
Lim Tian Huat (Chartered Accountant)  
Prof. Khaw Lake Tee (University of Malaya)  
Assoc. Prof. Aishah Bidin (Universiti Kebangsaan Malaysia)  
Datuk Simon Shim Kong Yip (Advocate & Solicitor)

# Calendar of Events

## January

### 19 – 20 th

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition at the Ministry of Domestic Trade and Consumer Affairs in Putrajaya.

### 20 th

Awards were presented to students (children of SSM's Employees) who had excelled in their UPSR and PMR examinations.

## February

### 11 th

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition organised by the Ministry of Domestic Trade and Consumer Affairs at The Store in Perlis.

### 25 th

A briefing session by SSM on the incorporation of companies and registration of businesses at the Seberang Prai Polytechnic (*Politeknik Seberang Prai*) in Penang.

### 26 – 29 th

SSM at Career and Education Expo 2006 in Penang.

### 27 – 28 th

SSM Business Registration Mobile Counters (BRMC) in Perak.

## March

### 1 st

A briefing session by SSM on the incorporation of companies and registration of businesses at the Balik Pulau College of Technology (*Kolej Teknologi Balik Pulau*) in Penang.

### 1 st – 2 nd

SSM Business Registration Mobile Counters (BRMC) in Perak

### 3 rd – 4 th

The inaugural **SSM Day** was officiated by the Minister of Domestic Trade and Consumer Affairs. Professional bodies and other divisions under the Ministry participated in an exhibition at the Ground Floor of The Mall Kuala Lumpur.

### 6 th

'*Hari Bersama Pelanggan*' (Clients Day) exhibition and an introduction to the IDAMAN system in Sarawak.





## Calendar of Events (cont'd.)

**7 th**

Courtesy visit by the Malaysian Institute of Accountants (MIA).

**15 th**

A briefing session and exhibition for the public to better understand SSM (*'Mengenal SSM'*) at Auditorium Perpustakaan of Universiti Malaysia Sabah in Sabah.

**16 th**

Company Secretaries Dialogue in Pahang.

**18 th**

SSM at the *'Hari Bersama Pelanggan'* (Clients Day) exhibition at the Kuching Waterfront in Sarawak.

**18 – 19 th**

*'Program Gerak Usahawan'* (Entrepreneur Movement Programme) at Stadium Ipoh in Perak.

**23 – 25 th**

*'Program Gerak Usahawan'* (Entrepreneur Movement Programme) at Stadium Kuching in Sarawak.

**25 – 26 th**

30 students participated in the Student Motivation Camp at Rebutia Camp (*Kem Rebutia*) in Gombak, Selangor.

**April****14 – 16 th**

SSM at the *'Hari Bersama Pelanggan'* (Clients Day) exhibition in Semporna, Sabah.

**15 th**

Official opening ceremony of the second SSM branch office in Tawau. Advertisements were published in The Star, New Straits Times, Berita Harian and Utusan Malaysia.

**15 th**

Talks and meetings with directors of dormant companies in Perak.

**21 st**

A briefing session on SSM operations for students of the National Youth Skills Institute (*Institut Kemahiran Belia Negara*) in Perlis.

**22 nd**

SSM Annual Dinner at the Sime Darby Convention Centre in Kuala Lumpur.

**23 rd**

The Malaysian Holiday Timeshare Developers' Federation (MHTDF) visits SSM to present a briefing on the timeshare industry.

Calendar of Events (cont'd.)

**24 th**

Meeting with licenced company secretaries in Negeri Sembilan.

**26 – 30 th**

SSM at Intellectual Property Day 2006.

**May**

**9 th**

SSM organised a dialogue with registered company secretaries in Kuala Lumpur.

**9 th**

A briefing session on SSM operations for students of Sekolah Menengah Tuanku Syed Sirajuddin in Perlis.

**12 th**

Official opening ceremony of the SSM branch office in Miri. A press conference was held in conjunction with the opening of this second SSM office in Sarawak.

**13 th**

Labour Day gathering at the Bukit Jalil Sports Complex in Kuala Lumpur.

**17 th**

Advertisements on the official opening ceremony of the SSM branch office in Miri were published in The Star, the New Straits Times, *Berita Harian* and *Utusan Malaysia*.

**19 th**

Courtesy visit by the Executive Director of *Yayasan Kajian & Strategi Melayu* (Malay Strategy & Research Foundation).

**20 th**

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition organised by the Ministry of Domestic Trade and Consumer Affairs at The Store in Kluang, Johor.

**27 th**

SSM Business Registration Mobile Counters (BRMC) in Terengganu.

**June**

**3 rd – 4 th**

Examination Preparation Clinic (UPSR, PMR and SPM) for the children of SSM staff at the Auditorium Muzium Negara in Kuala Lumpur.

**6 th**

Signing of the SSM-GABEM Memorandum of Understanding (for a Bumiputra business coaching scheme) at Putra World Trade Centre in Kuala Lumpur.

## Calendar of Events (cont'd.)

**10 th**

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition organised by the Ministry of Domestic Trade and Consumer Affairs in Kuala Krai, Kelantan.

**20 th**

SSM organised the Corporate Practice Consultative Forum. The participants of this forum included representatives from the Malaysian Institute of Accountants (MIA), Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), Malaysian Association of Company Secretaries (MACS), Institute of Approved Company Secretaries (IACS), Bar Council and Malaysian Institute of Certified Public Accountants (MICPA) amongst others.

**26 th**

SPM Excellence Award presented to 13 students (children of SSM employees).

**July****8 – 9 th**

SSM Sports Day at the Forest Research Institute of Malaysia (FRIM) in Kepong, Kuala Lumpur.

**15 th**

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition organised by the Ministry of Domestic Trade and Consumer Affairs at Tesco in Penang.

**26 th**

The launch of a new dynamic and user-friendly design and layout for our website ([www.ssm.com.my](http://www.ssm.com.my)).

**25 – 26 th**

SSM at Consumers' Day Carnival 2006 at Stadium Putra in Bukit Jalil, Kuala Lumpur. Online e-Info services were available at our booth, which was visited by the Prime Minister and the Minister.

**29 – 30 th**

SSM's booth at the '*Program Gerak Usahawan*' (Entrepreneur Movement Programme) at the Penang International Sports Arena (PISA) was popular amongst visitors who were attracted to the registration services which could be completed within 15-30 minutes as well as the opportunity to obtain information and/or to voice their problems.

**August****4 th**

SSM at Consumers' Day organised by the Ministry of Domestic Trade and Consumer Affairs in Kuala Lumpur.

**9 th**

The Malaysian Institute of Accountants (MIA) interviewed our CEO for a viewpoint article on SSM which was published in the September issue of '*Accountants Today*'.

Calendar of Events (cont'd.)

**14 th**

First official meeting for the Organising Committee of the Corporate Registers Forum 2007. As joint hosts for the event, both Malaysia and Singapore have been assigned with substantial responsibilities to ensure the success of this forum.

**19 th**

SSM's Business Registration Mobile Counters (BRMC) at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition at Kuantan Parade in Pahang.

**September**

**1 st – 3 rd**

SSM at the '*Program Gerak Usahawan*' (Entrepreneur Movement Programme) at Warisan Pahlawan in Ipoh, Perak.

**4 th**

SSM-MAGRO Joint Seminar at the Palace of Golden Horses hotel with the theme 'Revitalising the Industry and Enhancing Membership Value'. A total of 130 participants representing a cross section of operators, developers, consultants as well as professionals attended this event.

**8 th**

The official opening ceremony of the new office premises for SSM Melaka was officiated by the Chief Minister of Melaka.

**9 th**

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition which was in conjunction with the statelevel celebration of Consumers' Day 2006 at Padang Astaka in Dungun, Terengganu.

**11 th**

A dialogue session with members of professional bodies in Alor Setar, Kedah as part of SSM's educational process in relation to the role played by corporate intermediaries as well as enforcement action by SSM.

**October**

**5 th**

SSM's Breaking of Fast get-together at Hotel Seri Pacific Kuala Lumpur.

**17 th**

The Malaysian Telecommunication Fraud Group (MTFG) visits SSM.

## Calendar of Events (cont'd.)

**November****9 th**

SSM at the National Integrity Day at the Putrajaya International Convention Centre. SSM showcased its initiatives in promoting corporate governance and its efforts as the secretariat appointed by the Minister to implement the National Integrity Plan for Economic Institutions.

**9 th**

SSM's Hari Raya gathering at the Legend Hotel in Kuala Lumpur.

**16 – 17 th**

SSM organised the East Malaysia Regional Dialogue in Sarawak and Sabah. This dialogue was attended by many participants from various professional bodies, government agencies, trade associations, chambers of commerce as well as management and consultancy firms. It received a very positive response. The participants also expressed their wish to have the event held more frequently to serve as a platform to air their respective views and problems.

**18 th**

SSM at the '*Hari Bersama Pelanggan*' (Clients Day) exhibition organised by the Ministry of Domestic Trade and Consumer Affairs at the Oceanic Mall in Port Dickson in Negeri Sembilan.

**30 th**

Official visit to SSM by the Department of Registrar of the Republic of Kenya.

**December****4 th**

The opening the new SSM branch office in Langkawi was officiated by the Secretary General of the Ministry of Domestic Trade and Consumer Affairs as SSM Chairman.

**5 th**

Introductory briefing for new licenced company secretaries (those who received their new licence in 2006).

**12 th**

Official visit to SSM by government officials from China.

**16 th**

A bowling event (Bowling SSM) was held at the Cosmic Bowl Centre at Mid Valley in Kuala Lumpur.

**19 th**

SSM organised the second Corporate Practice Consultative Forum of the year at its Head Office. The proposed new 'Guideline on Applications to Registrar to Strike Companies Off the Register' under section 308 of the Companies Act 1965 was tabled at this forum.

## How to Find & Contact Us

New offices in less serviced areas such as Tawau and Miri (SSM's second offices in Sabah and Sarawak where places are set far apart) and in Langkawi allow us to better serve customer requirements with increased ease of access.

Customer satisfaction is a sure mark of our success –  
we work with the people for the people.

### Johor

Podium 4B & 5, Menara Ansar  
65 Jalan Trus  
80000 Johor Bahru, Johor  
Tel 07 - 2233 589 / 2244 710 /  
2244 708  
Fax 07 - 2241 714 / 2248 169  
Contact Rosli Ahmad  
(*State Director*)  
E-mail arosli@ssm.com.my

### Kedah

Level 10, Menara Sentosa  
Jalan Tunku Ibrahim  
05621 Alor Setar, Kedah  
Tel 04 - 7330 111  
Fax 04 - 7315 517  
Contact Rozaini Mohamed  
(*State Director*)  
Direct Line 04 - 7316 037  
E-mail rozaini@ssm.com.my

### Kelantan

Level 2, 3 & 4, Kota Sri Mutiara  
Jalan Sultan Yahya Petra  
15150 Kota Bharu, Kelantan  
Tel 09 - 7482 860 / 7484 599  
Fax 09 - 7447 622 / 7472 607  
Contact Hairul Anuar Yassin  
(*State Director*)  
E-mail hairul@ssm.com.my

### Kuala Lumpur

*Head Office*  
Level 2 & 10-19, Putra Place  
100 Jalan Putra  
50622 Kuala Lumpur  
Tel 03 - 4047 6000  
Fax 03 - 4047 6317  
Hotline 03 - 4047 6111/  
4047 6222  
E-mail enquiry@ssm.com.my

### Langkawi

No. 4, Mezzanine Floor  
Kompleks LADA  
Jalan Persiaran Putra  
07000 Langkawi, Kedah  
Tel 04 - 9667 943  
Fax 04 - 9665 318

### Melaka

Ground Floor, Menara MITC  
Kompleks MITC,  
Jalan Konvensyen  
75450 Ayer Keroh, Melaka  
Tel 06 - 2311 717  
Fax 06 - 2313 502  
Contact Rashidan Abdul Rashid  
(*State Director*)  
E-mail rashidan@ssm.com.my

## How to Find &amp; Contact Us (cont'd.)

**Negeri Sembilan**

Wisma Fook Loong  
 Jalan Dato' Abdul Rahman  
 70000 Seremban, Negeri Sembilan  
 Tel 06 - 7655 877 / 7619 098  
 Fax 06 - 7645 598 (Level 1)  
 06 - 7641 885 (Level 2)  
 Contact Ahmad Shatar Azizan  
 (State Director)  
 Direct Line 06 - 761 5506  
 E-mail ashatar@ssm.com.my

**Pahang**

Lot 202-216, Level 2, Block B  
 Kuantan Centre Point  
 Jalan Haji Abdul Rahman  
 25000 Kuantan, Pahang  
 Tel 09 - 5164 866 / 5164 600  
 Fax 09 - 5161 869 / 5163 316  
 Contact Abu Hassan Kasim  
 (State Director)  
 E-mail abu@ssm.com.my

**Perak**

Level 2C, Greentown Mall,  
 Jalan Hospital, 30450 Ipoh, Perak  
 Tel 05 - 2416 900 / 2547 913 /  
 2533 071  
 Fax 05 - 2557 162  
 Contact Norihan Elias  
 (State Director)  
 E-mail norihan@ssm.com.my

**Perlis**

Level 8, Bangunan KWSP  
 Jalan Bukit Lagi, 01000 Kangar, Perlis  
 Tel 04 - 9781 877 / 9767 899 /  
 9773 182  
 Fax 04 - 9774 758  
 Contact Rohaimi Abd. Manan  
 (State Director)  
 Direct Line 04 - 9775 712  
 E-mail rohaimi@assm.com.my

**Pulau Pinang**

Level 6 & 7, Bangunan KWSP  
 No. 3009, Off Leboh Tenggara 2  
 Bandar Seberang Jaya  
 13700 Pulau Pinang  
 Tel 04 - 3977 793  
 Fax 04 - 3977 713  
 Contact Ghazali Ismail  
 (State Director)  
 E-mail ghazalii@ssm.com.my

**Sabah**

Level 4, Menara MAA, 6 Lorong Api-Api  
 Locked Bag 2039  
 88999 Kota Kinabalu, Sabah  
 Tel 088 - 233 551 / 233 346  
 Fax 088 - 237 884  
 Contact Najib Abu Samah  
 (State Director)  
 E-mail najib@ssm.com.my

TB 4444, GF & 1st floor  
 Blok F, Sabindo Square, Jalan Dunlop  
 91018 Tawau, Sabah  
 Tel 089 - 750 585 / 752 585  
 Fax 089 - 754 585  
 Contact Mohd Yasin Abd Malik  
 (State Director)  
 E-mail yasin@ssm.com.my

How to Find & Contact Us (cont'd.)

**Sarawak**

Level 2 & 3, Wisma STA  
26 Jalan Datuk Abang Abdul Rahim  
93450 Kuching, Sarawak  
Tel 082 - 481 499  
Fax 082 - 334 622  
Contact Roslan Hussain  
(*State Director*)  
E-mail roslan@ssm.com.my

Ground Floor, Plaza Yu Lan  
97 Jalan Brooke  
98008 Miri, Sarawak  
Tel 085 - 424 777 / 421 117  
Faks 085 - 422 225  
Contact Abdul Rahman Rosli  
(*Branch Manager*)  
E-mail arahman@ssm.com.my

**Selangor**

Level 3 & 4,  
Plaza Alam Sentral  
Jalan Majlis, Seksyen 14  
40000 Shah Alam, Selangor  
Tel 03 - 5511 6500 / 5513 9570 /  
5513 5997 / 5513 3976  
Fax 03 - 5510 4200 (Level 3)  
03 - 5510 6200 (Level 4)  
Contact Mohd Nasir Zakaria  
(*State Director*)  
Direct Line 03 - 5510 3646  
E-mail nasir@ssm.com.my

**Terengganu**

Level 6-7, Menara Yayasan Islam  
Jalan Sultan Omar  
20300 Kuala Terengganu, Terengganu  
Tel 09 - 6237 170 / 6237 127 /  
6240 721  
Fax 09 - 6230 945  
Contact Zainudin Zarin  
(*State Director*)  
E-mail zainudinz@ssm.com.my

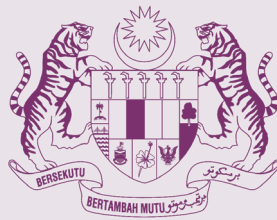
**Wilayah Persekutuan Labuan**

No. 6A1 & 6A2  
Level 6, Block 4  
Kompleks Ujana Kewangan  
Jalan Merdeka  
87000 Wilayah Persekutuan Labuan  
Tel 087 - 414 100  
Fax 087 - 414 152  
Contact Lokman Ramli  
(*Branch Manager*)  
E-mail lokman@ssm.com.my

\* The Management Team and Organisation Structure, see page 90 and 92-93.







CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
COMPANIES COMMISSION OF MALAYSIA  
FOR THE YEAR ENDED 31 DECEMBER 2006

The financial statements of Companies Commission of Malaysia for the year ended 31 December 2006 have been audited by my representative. These financial statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these financial statements.

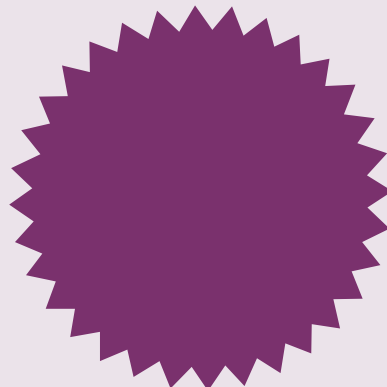
2. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing. Those standards require an audit be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. The audit includes examining on a test basis, evidence supporting the amounts and adequate disclosures in the financial statements. It also includes assessment of the accounting principles used as well as evaluating the overall presentation of the financial statements.

3. In my opinion, the financial statements give a true and fair view of the state of financial affairs of the Companies Commission of Malaysia as at 31 December 2006 and of the results of its operations and its cash flow for the year based on the approved accounting standards.

A handwritten signature in black ink, appearing to read 'HJH Zainun Binti Taib'.

**(HJH ZAINUN BINTI TAIB)**  
for AUDITOR GENERAL OF  
MALAYSIA

PUTRAJAYA  
4<sup>th</sup> JULY 2007



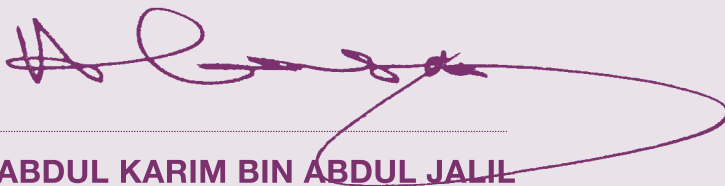
## **STATEMENT BY MEMBERS OF THE COMPANIES COMMISSION OF MALAYSIA**

We, **MOHD ZAIN BIN MOHD DOM** and **ABDUL KARIM BIN ABDUL JALIL**, being two of the members of the **COMPANIES COMMISSION OF MALAYSIA**, do hereby state on behalf of the members that in our opinion, the financial statements as set out on pages 115 to 138 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Commission as at 31 December 2006 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,



**MOHD ZAIN BIN MOHD DOM**  
Chairman



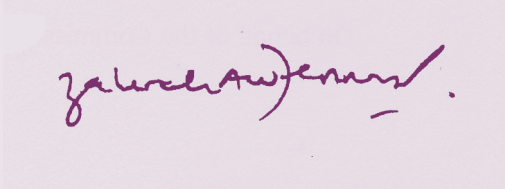
**ABDUL KARIM BIN ABDUL JALIL**  
Member

Dated : 29 March 2007  
Kuala Lumpur

**STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANIES COMMISSION OF MALAYSIA**

I, **ZAHRAH BT ABD. WAHAB FENNER**, being the officer primarily responsible for the accounting records and financial management of the Commission do solemnly and sincerely declare that the financial statements as set out on pages 115 to 138 are to the best of my knowledge and belief, 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  
**ZAHRAH BT ABD. WAHAB FENNER**  
at Kuala Lumpur in the Federal Territory  
on 29 March 2007



Before me



(Commissioner for Oaths)

LOT 2.42, TKT. 2, THE MALL  
100, JALAN PUTERA,  
50350 KUALA LUMPUR.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2006**

	Note	2006 RM	2005 RM
<b>Non Current Assets</b>			
Property, fittings and equipment	3	25,735,320	23,121,236
Long term investments	4	25,022,100	-
Work in progress	5	21,516,337	2,155,594
Staff financing	6	9,102,044	6,622,387
		<u>81,375,801</u>	<u>31,899,217</u>
<b>Current Assets</b>			
Trade debtors	7	141,974	124,940
Other debtors, deposits and prepayments	8	6,863,768	6,091,108
Staff financing	6	985,738	715,141
Short term investment	9	63,484,341	65,924,272
Cash and cash equivalents	10	313,034,168	299,410,558
		<u>384,509,989</u>	<u>372,266,019</u>
<b>TOTAL ASSETS</b>		<u>465,885,790</u>	<u>404,165,236</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital grant	11	47,411,837	48,899,432
Retained earnings		209,712,340	169,695,685
Financing funds	12	56,000,000	46,000,000
<b>Total Equity</b>		<u>313,124,177</u>	<u>264,595,117</u>
<b>Non Current Liabilities</b>			
Provision for staff benefits	13	923,538	1,087,858
		<u>923,538</u>	<u>1,087,858</u>
<b>Current Liabilities</b>			
Government Consolidated Funds	14	138,242,784	125,960,225
Other creditors	15	5,886,436	7,892,189
Short term project creditors	16	1,312,855	335,847
Taxation		6,396,000	4,294,000
		<u>151,838,075</u>	<u>138,482,261</u>
<b>Total Liabilities</b>		<u>152,761,613</u>	<u>139,570,119</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>465,885,790</u>	<u>404,165,236</u>

Notes on pages 119 to 138 form an integral part of these financial statements

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 RM	2005 RM
Income	17	276,485,568	251,920,450
Federal Consolidated Fund	14	<u>(138,242,784)</u>	<u>(125,960,225)</u>
		138,242,784	125,960,225
<b>Operating Expenses</b>			
Staff costs	18	(47,804,685)	(37,123,195)
Administrative expenses	19	(33,092,000)	(33,155,773)
Grant		-	(200,000)
Depreciation and amortization benefit	3	<u>(5,227,444)</u>	<u>(8,168,200)</u>
Surplus before taxation	20	52,118,655	47,313,057
Taxation	21	(2,102,000)	(1,512,000)
Net surplus for the year		<u>50,016,655</u>	<u>45,801,057</u>

Notes on pages 119 to 138 form an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	←Capital Grants→				Total RM
	Launching Grant RM	Vested Benefits RM	Accumulated Surplus RM	Financing Funds RM	
Balance as at 1 January 2005	43,600,000	8,979,005	133,894,628	36,000,000	222,473,633
<u>Net gains not recognised in the income statement</u>					
Amortisation on vested benefits	-	(3,679,573)	-	-	(3,679,573)
	-	(3,679,573)	-	-	(3,679,573)
Surplus for the year	-	-	45,801,057	-	45,801,057
Transfer of accumulated surplus to financing fund	-	-	(10,000,000)	10,000,000	-
Balance as at 31 December 2005	<u>43,600,000</u>	<u>5,299,432</u>	<u>169,695,685</u>	<u>46,000,000</u>	<u>264,595,117</u>
<u>Net surplus not recognised in income statement</u>					
Amortisation of vested benefits	-	(1,487,595)	-	-	(1,487,595)
	-	(1,487,595)	-	-	(1,487,595)
Surplus for the year	-	-	50,016,655	-	50,016,655
Transfer of accumulated surplus to financing fund	-	-	(10,000,000)	10,000,000	-
Balance as at 31 December 2006	<u>43,600,000</u>	<u>3,811,837</u>	<u>209,712,340</u>	<u>56,000,000</u>	<u>313,124,177</u>

Notes on pages 119 to 138 form an integral part of these financial statements

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 RM	2005 RM
<b><u>Operating activities</u></b>		
Surplus after taxation	50,016,655	4 5,801,057
Adjustments for:		
Depreciation and amortization benefit	5,227,444	8,168,200
(Profit)/Loss on disposal of property, fittings and equipment	(52,843)	12,190
Taxation	2,102,000	1,512,000
Profits and dividends income	(14,659,472)	(11,115,374)
Operating profit before working capital changes	42,633,784	44,378,073
(Increase)/Decrease in trade debtors	(17,034)	731,401
(Increase)/Decrease in other debtors	(772,660)	(3,412,425)
Increase/(Decrease) in Federal Consolidated Fund	12,282,558	(3,139,332)
(Decrease)/Increase in other creditors	(2,005,753)	2,647,905
Increase/(Decrease) in work in progress creditors	977,010	(2,202,326)
(Decrease)/Increase in provision for employee benefits	(164,320)	(103,694)
<b>Net cash generated from operating activities</b>	<b>52,933,585</b>	<b>38,899,602</b>
<b><u>Cash flow from investing activities</u></b>		
Purchase of property, fittings and equipment	(9,329,130)	(16,061,692)
Proceeds from disposal of property, fittings and equipment	52,850	7,700
(Increase)/Decrease in work in progress	(19,360,743)	8,050,164
Decrease/(Increase) in short term investment	2,439,931	(22,496,347)
Placements in other investments	(25,022,100)	-
Profits and dividends received	14,659,472	11,115,374
Staff financing	(3,573,158)	(5,350,662)
Repayment received from staff financing	822,903	467,430
<b>Net cash generated from investing activities</b>	<b>(39,309,975)</b>	<b>(24,268,033)</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,623,610</b>	<b>14,631,569</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>299,410,558</b>	<b>284,778,989</b>
<b>Cash and cash equivalents at end of year</b>	<b>313,034,168</b>	<b>299,410,558</b>

Notes on pages 119 to 138 form an integral part of these financial statements



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **1. PRINCIPAL ACTIVITIES**

The Companies Commission of Malaysia is a statutory body under the Companies Commission of Malaysia Act 2001 ( Act 614 ). The principal activities of the Commission are the establishment of company and business registration systems and enforcement of the Companies Act 1965, Business Registration Act 1956, Trust Companies Act 1946, Kootu Funds (Prohibition) Act 1971 and any subsidiary legislation made under the above Acts.

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

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **a. Basis of Preparation**

The financial statements of the Commission have been prepared under the historical cost convention and in compliance with applicable approved accounting standards in Malaysia. The applicable approved accounting standards adopted by the Commission are in respect of property, plant and equipment, impairment and retirement benefits.

#### **b. Property, fittings and equipment and depreciation**

Property, fittings and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Property, fittings and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarized as follows:

	%
Motor Vehicles	20
Furniture and Fixtures	20
Computer and Peripherals	20-33 <sup>1</sup> / <sub>3</sub>
Office Equipment	20
Renovation	20

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b. Property, fittings and equipment (continued)

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the reporting date.

Gain or loss arising on disposal of equipment is the difference between the net disposal proceeds and the carrying amounts of the equipment, and is disclosed in the income statement.

#### c. Impairment of assets

The carrying values of property, fittings and equipment are reviewed for impairment where there are indications that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is recognized immediately as expenditure in the income statement.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognized to the extent of the carrying amount of the assets that would be determined (net of amortization and depreciation) if no impairment loss has been recognised. The reversal is recognised as income immediately in the income statement.

#### d. Investments

Investments are stated at costs and held to maturity. No provisions for diminution in value is made.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e. Income

The Commission recognised revenue when the amount of revenue can be reliably measured it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Commission's activities as described below :

i) Services income

Services income comprise the collection of fees related to registration of companies and businesses as prescribed under the Companies Act 1965 and the Business Registration Act 1956 respectively. These income are recognised on cash basis.

ii) Compound

Compounds are recognised on cash basis as each compound issued is only an offer with a payment period as determined by the Registrar. Compounds which are not being settled after the expiry of the payment period will be followed by prosecution in accordance with the provision of the Companies Act 1965 and Business Registrations Act 1956. Fines imposed by the Court will be the revenue of the Government and not the Commission's.

iii) Corporate Directors Training Programme

Income arising from Corporate Directors Training Programmes is recognised based on accrual basis.

iv) Interest Income

Interest income is recognised on a time proportion basis, taking into account the principle outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Commission.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f. Work In Progress

Work in progress will be capitalized as property, fittings and equipment after the certificate of completion or certificate of acceptance is received by the Commission.

#### g. Vested Assets, Rights and Liabilities

These are all assets, rights or liabilities of the Government of Malaysia that were transferred to and vested in the Commission. They are stated after deducting all direct expenses and depreciation of the vested assets.

The vested assets, rights and liabilities are stated at fair value and are recognized based on capital approach.

The non monetary vested assets are amortized over their remaining useful lives. The benefit is stated as amortization benefit in the statement of changes in equity.

#### h. Launching Grants

Launching grants relate to the initial grants by the Government and were recognized in the financial statements based on the capital approach.

#### i. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits with financial institutions.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **j. Staff Financing**

The allocations for computer, motor vehicle and house financing are RM1.0 million, RM5.0 million and RM50.0 million respectively. These allocations were transferred from the accumulated surplus for financial years 2002 to 2006.

#### **k. Contribution to Federal Consolidated Fund**

Contribution to the Federal Consolidated Fund represents 50% of the total revenue received as stipulated under section 35(1) of the Companies Commission Act 2001 (Act 614).

#### **l. Income Taxes**

Income tax on the surplus or deficit for the year comprises current and deferred tax. Current tax is the expected income taxes payable on the taxable surplus for the year and is computed using the tax rates applicable at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax is computed at the tax rates applicable at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### m. Other Creditors

Other payables are stated at cost.

#### n. Employee Benefits

##### Short Term Benefits

Salaries and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Commission.

##### Defined Contribution Plans

Contribution is made to Employees Provident Fund (EPF) for employees who have opted for EPF scheme or the Pension Trust Fund for those who are in the Government pensionable scheme. Such contributions are recognized as an expense in the income statement as incurred.

##### Long Term Benefits

Payment for long term benefits to employees after retirement and / or after the completion of contractual services is recognized on an accrual basis in the current year income statement as cost of employee benefits whereas in the balance sheet, such amount is recognized as a liability known as Provision For Employee Benefits.

The types of long term benefits which will be recognized are as follows:

- i. Cash rewards in lieu of annual leave; and
- ii. Gratuity paid to contractual services upon completion of service.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **n. Employee Benefits (continued)**

The computation of cash in lieu of annual leave payable to retirees as well as gratuity payment to contract staff who complete their term of service is based on the actual information available on the balance sheet date and the eligibility based on the terms and condition of service. The current salary rate is used to compute these liabilities.

#### **o. Financial Instruments**

Financial assets includes any assets in tem of cash, contractual rights to receive cash or any other financial assets from other businesses, contractual rights to change financial instruments with other businesses under profitable terms or equity instruments of other businesses.

Financial instruments includes any contract which generates financial assets for the businesses and financial liabilities or equity instruments for other businesses.

#### **p. Comparative Figures**

Comparative figures have been reclassified to reflect changes in the presentation of the current year financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 3. PROPERTY, FITTINGS AND EQUIPMENT

	Furniture and Fittings RM	Office Equipment RM	Computer Hardwares & Software RM	Motor Vehicles RM	Renovation RM	Total RM
<b>Cost</b>						
At 1 January 2006	2,182,081	1,347,559	27,130,510	3,014,104	13,543,118	47,217,372
Additions	339,434	1,246,048	2,065,825	3,879,866	1,797,956	9,329,129
Disposals	-	-	-	(149,900)	-	(149,900)
At 31 December 2006	<u>2,521,515</u>	<u>2,593,607</u>	<u>29,196,335</u>	<u>6,744,070</u>	<u>15,341,074</u>	<u>56,396,601</u>
<b>Accumulated Depreciation</b>						
At 1 January 2006	720,821	251,508	17,036,840	1,359,877	4,727,090	24,096,136
Depreciation for the year	452,674	382,060	637,735	880,487	2,874,488	5,227,444
Depreciation for vested assets	-	-	1,487,595	-	-	1,487,595
Disposals	-	-	-	(149,894)	-	(149,894)
At 31 December 2006	<u>1,173,495</u>	<u>633,568</u>	<u>19,162,170</u>	<u>2,090,470</u>	<u>7,601,578</u>	<u>30,661,281</u>
<b>Net Book Value</b>						
At 31 December 2006	<u>1,348,020</u>	<u>1,960,039</u>	<u>10,034,165</u>	<u>4,653,600</u>	<u>7,739,496</u>	<u>25,735,320</u>
At 31 December 2005	<u>1,461,260</u>	<u>1,096,051</u>	<u>10,093,670</u>	<u>1,654,227</u>	<u>8,816,028</u>	<u>23,121,236</u>
Depreciation charge for the year ended 31 December 2005	<u>357,265</u>	<u>202,400</u>	<u>4,721,815</u>	<u>523,175</u>	<u>2,363,545</u>	<u>8,168,200</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 3. PROPERTY, FITTINGS AND EQUIPMENT (continued)

Assets for the Migration Project were vested in the Commission by way of a Novation Agreement dated 23 April 2004. These property, fittings and equipment are stated at fair value on the vesting date and have a remaining useful life of 2 years.

Impairment is measured by comparing the asset carrying value with its recoverable amount. There was a delay in the roll out and the technology involved is not state of the art resulting in impairment estimated at RM 3,150,981 compared to cost of development of the system. The impairment loss is recognized immediately and disclosed in the depreciation for the year in the income statement.

### 4. LONG TERM INVESTMENTS

Long term investments comprise placements in Government Investment Issue which generates 3.9% and 4.6% coupon rate for a tenure of 3 and 5 years respectively less amortization of premium.

The maturity structures of long term investments as at the end of the financial year were as follows:

	2006 RM	2005 RM
More than one year and up to five years	25,022,100	-
	<u>25,022,100</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 5. WORK IN PROGRESS

- i. The Commission has entered into an agreement with KL Sentral Sdn Bhd (KL Sentral) and Malaysian Resources Corporation Berhad (MRCB) to purchase an office building identified as Tower C together with its accessory parcels amounting to RM 147,500,000 in the current year. The Sale & Purchase Agreement between KL Sentral, MRCB and the Commission was signed on 11 December 2006.

Deposit of 10% of the Purchase Price inclusive of 2% Earnest Deposits amounting to RM 14,750,000 were paid on 8 November 2006 and 8 December 2006. This amount is classified as work in progress in the current year.

- ii. The installation of an integrated financial and human resources management system amounting to RM 3,272,214 is completed and currently in use. 80% of the total project cost is in work in progress and the balance of 20% will only be taken up as work in progress upon acceptance of the Provisional Acceptance Test (PAT) and Final Acceptance Test (FAT).
- iii. The project for upgrading of IDAMAN system amounting to RM 3,672,781 was awarded by the Commission in 2005 and completed in the current year. This amount will be transferred to property and equipment in year 2007 upon completion of detail listings of relevant assets.
- iv. On 23 April 2004, a Novation Agreement was signed between the Commission, Ministry of Domestic Trade and Consumer Affairs and an information and communication technology consultancy company, novating to the Commission the original agreement dated 10 October 2002 for the upgrading of the management and corporate information system of the Commission known as the Migration Project worth RM18.95 million. Subsequent to the Novation Agreement, a supplementary agreement between the Commission and the same consultancy company was signed, resulting in an additional capital expenditure amounting to RM1.79 million.

The balance of RM 335,848.02 which is 2% of the total revised project costs still remains in work in progress in the current year pending the acceptance of the deliverables.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 6. STAFF FINANCING

	2006 RM	2005 RM
House financing	9,894,786	6,646,013
Motor vehicle financing	1,678,413	1,630,639
Computer financing	163,582	234,458
	11,736,781	8,511,110
Unearned profit from Islamic financing	(1,648,999)	(1,173,582)
Net staff financing	10,087,782	7,337,528

The maturity structures of staff financing as at the end of the financial year were as follows:

	2006 RM	2005 RM
Within one year	985,738	715,141
Between one year and up to five years	3,756,892	2,903,804
More than five years	5,345,152	3,718,583
	10,087,782	7,337,528

- i. Staff financing consists of house, motor vehicle and computer financing approved to the staff of the Commission.
- ii. Maximum repayment period for motor vehicle and computer financing are 8 years and 4 years respectively with a profit rate of 4% per annum.
- iii. Maximum repayment period for house financing is 25 years with a profit rate of 2% per annum.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 7. TRADE DEBTORS

Trade debtors consist of service fees receivable, which include fees from renewal of business licenses made through POS Malaysia, e-info services made through an appointed agent and fees from Corporate Directors Training Programme.

### 8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2006 RM	2005 RM
Profits and dividends receivable	5,432,781	4,910,252
Deposit and prepayment	1,078,235	1,097,287
Advances to staff	81,893	34,688
Other receivables	270,859	48,881
	<u>6,863,768</u>	<u>6,091,108</u>

### 9. SHORT TERM INVESTMENTS

	2006 RM	2005 RM
Institutional Trust Account	48,742,205	40,154,592
Islamic Commercial Papers	14,742,136	25,769,680
	<u>63,484,341</u>	<u>65,924,272</u>

During the current and previous financial years, the Commission placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The principal activities of the said company consist of administering estates of deceased persons and acting as trustee for minors, the public and unit trust schemes. The gross dividend receivable by the Commission is 5% per annum (2005: 5%) and the tenure of the placement is less than one year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 9. SHORT TERM INVESTMENTS (continued)

The Commission had purchased Islamic Commercial Papers through various licensed financial institutions. The effective profit receivable by the Commission for these securities ranged from 3.0% to 3.4% per annum (2005: 2.85% to 2.90 %) and their tenure is up to 12 months.

The maturity structures of short term investments as at the end of the financial year were as follows:

	2006 RM	2005 RM
Within one year	63,484,341	65,924,272
	<u>63,484,341</u>	<u>65,924,272</u>

### 10. CASH AND CASH EQUIVALENTS

	2006 RM	2005 RM
Cash and bank balance	18,227,028	14,469,125
Deposits with:		
Licensed local banks and financial institutions	243,594,779	284,941,433
Licensed discount houses	51,212,361	-
	<u>313,034,168</u>	<u>299,410,558</u>

The effective profit rate for *Al-Mudharabah* general investments and *Al-Mudharabah* special investment with banks and financial institutions ranged from 3.0% to 3.85% per annum (2005: 2.37 % to 3.61%).

The tenure of the *Al-Mudharabah* general investment is 30 days to a year (2005: 30 days to a year), and for the *Al-Mudharabah* special investment is 1 night to 90 days (2005: 1 night to 90 days).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 11. CAPITAL GRANTS

	2006 RM	2005 RM
Launching grants	43,600,000	43,600,000
Vested Benefits:		
Balance as at 1 January	5,299,432	8,979,005
Amortization benefit	(1,487,595)	(3,679,573)
	<u>3,811,837</u>	<u>5,299,432</u>
Balance as at 31 December	<u>47,411,837</u>	<u>48,899,432</u>

Capital grants include initial grant provided by the Government to cover financial liabilities and capital expenditure of the Commission.

Vested benefits at the beginning of financial year are assets vested in the Commission from 2002 until 2004. These include property, fittings and equipment, all monies received from Corporate Directors Training Programme and novation of Migration Project to the Commission resulting in all assets of this project being vested to the Commission. The assets of the Migration Project are categorized as vested benefits and are stated at fair value.

The amortization of vested benefits in the current year is taken as benefit of the usage of the specific property, fittings and equipment which is equivalent to the depreciation of the property, fittings and equipment vested, amounting to RM 1,487,595 (2005: RM 3,679,573) as shown in note 3. This amount is stated as amortization benefit in the statement of changes, in equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 12. FINANCING FUNDS

	2006 RM	2005 RM
House financing fund	50,000,000	40,000,000
Motor vehicle financing fund	5,000,000	5,000,000
Computer financing fund	1,000,000	1,000,000
	<u>56,000,000</u>	<u>46,000,000</u>

The Members of the Commission have in year 2003 approved the allocation of RM5.0 million and RM1.0 million for the motor vehicle and computer financing funds respectively.

As for the house financing, a fund of RM50.0 million was approved by way of a yearly transfer of RM10.0 million from the accumulated surplus from year 2002 to year 2006.

### 13. PROVISION FOR EMPLOYEE BENEFITS

	2006 RM	2005 RM
As at 1 January	1,162,400	1,209,123
Provision for gratuity in current year	-	75,594
Payment made to employee in current year	(100,173)	(122,317)
As at 31 December	<u>1,062,227</u>	<u>1,162,400</u>

The maturity structures of provision for employee benefits as at the end of the financial year were as follow:

	2006 RM	2005 RM
Within one year	138,689	74,542
Between one year and up to five years	547,138	525,828
More than five years	376,400	562,030
	<u>1,062,227</u>	<u>1,162,400</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 14. FEDERAL CONSOLIDATED FUND

	2006 RM	2005 RM
Balance as at 1 January	125,960,225	129,099,557
50% of revenue of the Commission payable to Federal Consolidated Funds	138,242,784	125,960,225
Payment made during the year to the Federal Consolidated Fund	(125,960,225)	(129,099,557)
Balance as at 31 December	<u>138,242,784</u>	<u>125,960,225</u>

Section 35(1) of the Companies Commission Act 2001 (Act 614) provides that the Commission pays 50% of its total annual revenue to the Federal Consolidated Fund.

### 15. OTHER CREDITORS

	2006 RM	2005 RM
Payables and accruals	3,760,262	4,443,264
Statutory payables	352,330	373,772
Staff deduction payables	1,178,503	529,715
Provision for bonus and employee benefits	138,689	1,831,395
National Integrity Plan	27,216	34,265
Other creditors	429,436	679,778
	<u>5,886,436</u>	<u>7,892,189</u>

### 16. SHORT TERM PROJECT CREDITORS

Short term project creditors are costs in respect of the information and communication technology projects not paid as at year end.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 17. INCOME

	2006 RM	2005 RM
Income from operating activities:		
Service income	225,106,121	217,773,018
Compounds	35,954,792	22,695,723
Corporate Directors' Training Programme	355,270	227,560
Other income:		
Profits and dividends	14,659,472	11,115,374
Other income	357,070	120,965
Profit/(Loss) on disposals of property, fittings and equipment	52,843	(12,190)
	<u>276,485,568</u>	<u>251,920,450</u>

### 18. STAFF COSTS

	2006 RM	2005 RM
Salaries	27,780,280	24,997,993
Allowances	2,655,642	605,368
Statutory contributions	6,854,156	5,241,311
Overtime	979,439	679,385
Bonus and other benefits	7,751,766	3,901,223
Medical benefits	1,453,300	1,264,871
Members' allowances	100,250	86,850
Subsidies to staff on Government loan	229,852	346,194
	<u>47,804,685</u>	<u>37,123,195</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 19. ADMINISTRATIVE EXPENSES

	2006 RM	2005 RM
Travelling and accommodation	2,520,057	1,533,368
Communication and utilities	1,986,731	1,576,683
Rental	10,453,633	9,582,667
Printing and stationery	4,188,421	3,955,251
Upkeep of equipment	8,601,700	12,757,111
Office maintenance and security	1,149,945	619,961
Professional fees	595,594	1,177,478
Entertainment and hospitalities	3,468,134	1,899,836
Other administrative costs	127,785	53,418
	<u>33,092,000</u>	<u>33,155,773</u>

### 20. SURPLUS BEFORE TAXATION

	2006 RM	2005 RM
Surplus for the year before taxation is derived after crediting: -		
Profits and dividends	14,659,472	11,115,374
Other income	357,070	120,965
Gain/(loss) on disposals of property, fittings and equipment	52,843	(12,190)
	<u>15,069,385</u>	<u>11,124,149</u>
And charging: -		
Members' allowance	100,250	86,850
Auditors' remuneration	48,400	48,400
Bonus	7,747,166	3,895,377
Depreciation	6,715,039	11,847,773
Amortization benefit	(1,487,595)	(3,679,573)
	<u>12,123,650</u>	<u>12,078,827</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

### 21. TAXATION

	2006 RM	2005 RM
Provision for the year	<u>2,102,000</u>	<u>1,512,000</u>

A numerical reconciliation between tax expense / (income) and the accounting profit multiplied by the current tax rate 28% (2005 : 28%) :

	2006 RM	2005 RM
Profit for the year	14,616,383	13,247,656
Unallowable expenditures	1,463,684	1,404,620
Tax exempted income	(15,054,901)	(13,627,110)
Other income	2,102,000	1,512,000
Utilized capital allowances	(1,025,166)	(1,025,166)
	<u>2,102,000</u>	<u>1,512,000</u>

No deferred tax liabilities / (assets) have been recognized in the balance sheet. The Commission has been granted tax exemption status by the Minister of Finance effective from the year of assessment 2002 on revenue derived from fees, compound and the launching grant from the Federal Government. Other income is taxable at the corporate rate of 28%.

### 22. CAPITAL COMMITMENT

	2006 RM	2005 RM
Capital expenditure commitment :		
Approved and contracted for	147,500,000	3,458,800
Approved but not contracted for	13,500,000	3,272,214
	<u>161,000,000</u>	<u>6,731,014</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **23. RISK MANAGEMENT POLICIES**

#### **Liquidity Risk**

The Commission mitigated its liquidity risk by maintaining part of its investment in liquid assets by placing deposits with financial institutions to meet its short term financial commitments.

#### **Cash Flow Risk**

The Commission reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows.

#### **Data Integrity Risk**

The Commission is continually upgrading its information system to ensure the integrity of the information supplied to the public.

### **24. EMPLOYEES**

The number of employees of the Commission as at 31 December 2006 was 1,186 including 75 temporary staff ( 2005: 978 including 193 temporary staff ).

### **25. TABLING OF FINANCIAL STATEMENT**

The financial statements for the financial year ended 31 December 2006 was approved by the Members of the Companies Commission of Malaysia on 29 March 2007.

**SURUHANJAYA SYARIKAT MALAYSIA**  
COMPANIES COMMISSION OF MALAYSIA

2nd, 10-19 Floor, Putra Place, 100 Jalan Putra  
50622 Kuala Lumpur, MALAYSIA  
Tel +603 4047 6000 Fax +603 4047 6317  
Hotline + 603 4047 6111 / 4047 6222

[www.ssm.com.my](http://www.ssm.com.my)