

MENJANA TRANSFORMASI

INSPIRING TRANSFORMATION



LAPORAN
TAHUNAN
2014 ANNUAL
REPORT





“ The Ease of Doing Business Index report issued by The World Bank, too, has ranked Malaysia at 18th place, compared to 20th position previously. Moreover, in the IMD World Competitiveness Yearbook 2014 report, Malaysia’s ranking has risen to 12th position from No. 15. ”

**The Hon. Dato' Sri Mohd Najib bin Tun Abdul Razak
Prime Minister of Malaysia**

(Source : The Hon. Prime Minister’s Speech at the Launch of the Reports for the 2014 GTP (Government Transformation Program) and ETP (Economic Transformation Program))

SSM's VISION STATEMENT

“ To Be A World Class Corporate Registry And Regulatory Authority That Meets Business Needs Through Effective Registration, Information, Regulation And Advice. **”**



COVER CONCEPT

Inspiring Transformation

The concept of the triangle reflected in the cover design of the annual report resembles the inherent strength of SSM. The triangular element is inspired by the pyramidal shape which represents tenacity, strength, security, determination, vivacity and integrity in developing an excellent organisation.

This triangular element is also depicted as a constant forward movement to achieve excellence and inspire transformation towards growth and expansion of the Malaysian economy at both the domestic and international levels.

The hues and colours of the design portray the clients of SSM from all levels and communities. Visuals used illustrate the important role played by successful entrepreneurs registered under SSM.

STRATEGIC THRUSTS

1. Promoting and driving good governance to enhance a conducive business environment.
2. Delivering innovative products and services to meet stakeholder needs.
3. Providing superior service delivery through operational excellence.
4. Generating synergies through strategic collaborations.
5. Evolving to a 'knowledge driven organisation' to develop competitive intelligence.
6. Driving high performance culture through capacity and capability building.
7. Optimising ICT to enhance efficiency, effectiveness and enterprise agility.

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MINISTER'S MESSAGE



“ I have observed with great interest that SSM has introduced new measures to improve efficiency and competitiveness of our domestic corporate landscape and investment climate for international investors and business communities with the objective of making Malaysia the preferred business destination in the region. ”

The 6% growth rate recorded by Malaysia for the year 2014 indeed shows that the nation has emerged in good shape from the global economic slowdown and plummeting growth in the European region. According to Bank Negara, this growth was driven mainly by robust domestic demand and primarily by private sector activity. Amidst the nation's economic growth, I have observed with great interest that Companies Commission of Malaysia (SSM) has introduced new measures to improve efficiency and competitiveness of our domestic corporate landscape and investment climate for international investors and business communities with the objective of making Malaysia the preferred business destination in the region.

New initiatives have to be introduced to ensure that the corporate landscape remains competitive as well as possesses the depth and breadth in driving our national growth agenda. SSM has to ensure an efficient, effective and facilitative investment climate through programmes that streamline regulatory and corporate management processes. These processes should be on-going in tandem with the ever changing global climate.

As a result of the various on-going initiatives undertaken in 2014, the International Finance Corporation of the World Bank Doing Business 2015 Report (DB2015) which covers 189 countries, reported that Malaysia was elevated to the 18th position compared to the previous year report in which Malaysia was placed in the 20th position. This indicates that Malaysia is constantly improving her competitive performance globally. The findings of the Doing Business indicators were studied and served as input for the initiatives to improve the business environment. SSM has been the key contributor for the World Bank's Ease of Doing Business survey in several indicators such as “*Starting a Business*”, “*Getting Credit*” and “*Protecting Minority*

Investors” which have all received encouraging ranking in the 2015 Report unveiled in October 2014.

Similarly in other authoritative surveys, Malaysia climbed three notches to rank at number 12th amongst 60 countries in the aspect of competitiveness of nations according to the World Competitiveness Yearbook (WCY) 2014 issued by the Institute for Management Development (IMD) based in Switzerland. In the year 2013, Malaysia was ranked at the 15th position.

The positive global perspective on Malaysia correlates with the statistics recorded by SSM for 2014 when there was sustainable growth in the number of new registrations of business entities. The year 2014 saw an increase of 6.2% in the total number of companies registered compared to the same period in 2013, while the number of new limited liability partnerships (LLP) registered an additional 60% compared to the previous year. Meanwhile for businesses, there was a marginal 0.9% increase in new registrations of sole proprietorships and partnerships compared to 2013. Overall as at 31 December 2014, a total of 5.6 million businesses, 1.1 million companies and 3,744 limited liability partnerships were registered. It is encouraging to note that, despite the gloomy global economy outlook, Malaysia's economy remains vibrant with a healthy growth in registration of new business vehicles reflecting the resilience of the nation's economy against global volatility.

SSM continued to ensure effective deliverables of its functions under the Companies Commission of Malaysia Act 2001 in 2014. SSM successfully tabled the Companies Commission of Malaysia (Amendment) Act 2015, Registration of Businesses (Amendment) Act 2015 and Limited Liability Partnerships (Amendment) Act 2015 in the Parliament. The amendments to the Companies Commission of Malaysia Act 2001 will

allow SSM to execute its powers and carry out its functions more proficiently. SSM was conferred with new regulatory powers for enforcement activities for all Acts administered by SSM under the Companies Commission of Malaysia (Amendment) Act.

SSM has been making significant strides in transforming the way we do business in Malaysia by closing counter services nationwide in tandem with global practices. Its commitment to ease incorporation process through online services can be seen in the successful implementation of the mandatory online incorporation via the MyCoID portal throughout Malaysia. The journey started on 16 May 2013 and diligently continued to be extended to the rest of the country on a phased approach covering Labuan, Melaka and Perlis on 28 August 2014, followed by Kelantan, Pahang and Terengganu on 3 November 2014 and later in Johor, Pulau Pinang, Sabah and Sarawak effective 11 December 2014.

As a result, there has been a surge in the usage of online services namely name search application and incorporation of companies. A total of 33,728 companies were successfully registered through the MyCoID portal which was introduced as part of SSM's transformation in public service delivery from counter service to online services.

I have also observed that SSM is committed to executing its role as a promoter of corporate responsibility and towards this end, I was proud to launch a Toolkit entitled "From Pledge to Practice: A Guide to Implement the Corporate Integrity System Malaysia" on 22 April 2014. The publication of this Toolkit would serve to encourage the corporate and business community to conduct their business with integrity, greater transparency and ethics, and most importantly, to support the Government's agenda in creating a society with zero tolerance for corruption. The Toolkit advocates the signing of the Corporate Integrity Pledge (CIP) and provides guidance on the procedure of the Corporate Integrity System Malaysia's (CSIM) value chain as well encourages companies and businesses to implement integrity programmes, after signing the CIP.

In ensuring widespread awareness of the CSIM, SSM swiftly carried out its Corporate Responsibility Seminar (CRSS) with the theme "Achieving Corporate Integrity" in Kuala Terengganu, Terengganu on 26 June 2014. The aim of this seminar was to reach out to the corporate and business community in the East Coast and garner their support and understanding of integrity and

good governance practices with the hope that they are ultimately translated into institutional changes for sustainable business operations. Such developments would be consistent with the programmes' primary objective of creating awareness among small and medium enterprises (SMEs) and encourage adoption of integrity and corporate responsibility framework in building a transformation model which is all encompassing and inclusive of the stakeholders.

In support of the introduction of the Goods and Services Tax (GST) by the government on 1 April 2015, SSM took the initiative to provide free awareness training to the petty traders, small and medium size enterprises (SMEs) and the public about GST. A good understanding of the fundamentals of GST will enable the public and entrepreneurs to be prepared for GST while petty traders and entrepreneurs could also play an effective role in helping the Government disseminate information about GST to the public. A GST awareness programme was organised at the Rural Transformation Centre (RTC) Kota Bharu, Kelantan which attracted more than 405 participants. Further, SSM also conducted GST awareness programmes at Kuala Lumpur, Terengganu, Johor Bahru and Alor Setar which were attended by 1,136 participants. The valuable insights gained from the programme would enable them to prepare for the imminent changes in the way business is conducted in the future.

I believe SSM will continue to march forward and achieve even more in the year 2015. The proactive steps taken by SSM such as programmes for stakeholders under the supervision of SSM's Training Academy (COMTRAC), *Hari Bertemu Pelanggan Programme* and *SSM Bersama Rakyat Programme* will serve as a platform for SSM to forge closer ties and better understanding of the issues and concerns of stakeholders and at the same time, serve as a conduit for prompt and systematic feedback.

Last but not least, I believe under the supervision and guidance of its Commission Members and diligent Executive Management team supported by its committed workforce and stakeholders, SSM will be able to achieve greater success in 2015.

YB DATO' SRI HASAN BIN MALEK

Minister of Domestic Trade,
Co-operatives & Consumerism
9 June 2015



CHAIRMAN'S FOREWORD ▶



“ We see the transformation initiated by SSM as creating opportunities for businesses to flourish with reduced bureaucracy and removal of archaic official procedures coupled with more efficient processes that are in tandem with global best business practices. ”

The Companies Commission of Malaysia (SSM) which was incepted on 16 April 2002 has entered into an exciting phase. In 2014, when the International Finance Corporation of the World Bank's *Doing Business 2015 Report (DB2015)* surveyed more than 189 nations and placed Malaysia at the 18th position compared with 20th position in the preceding year, it was a resounding vote of confidence for Malaysia. As a member of PEMUDAH, being given the primary mandate to improve public service delivery system to facilitate businesses, SSM has been seen as playing a significant role in realising Malaysia's elevation in rank in the World Bank's Report. SSM has been the main contributor for starting a business, protecting investors, getting credit and resolving insolvency indicators that are being assessed annually by the World Bank.

The steady elevation in rank reported in the World Bank's *Doing Business Report* is an endorsement by the global business community that Malaysia has a business landscape which is conducive for business and an investment climate that is facilitative to investors. The constant quest to be outstanding will be the driving force for SSM to be a world class corporate registry and regulatory authority.

Over the past years, SSM has redefined the dynamics of corporate compliance through the balanced enforcement approach, which now serves as an exemplary method to ensure continuous and voluntary compliance. SSM has always believed in the vision "To Be A World Class Corporate Registry And Regulatory Authority That Meets Business Needs Through Effective Registration, Information, Regulation And Advice" where SSM is single-mindedly geared towards that direction.

Our driving force, undoubtedly, has been the trust placed in us by the Minister of Domestic Trade, Co-operatives and Consumerism and the Commission Members of SSM. The Minister and Commission Members have fully supported SSM as we sought to shape Malaysia's corporate landscape through proposals that called for repealing existing legislation such as the Companies Act 1965 and calling for amendments to the Companies Commission of Malaysia Act 2001, Registration of Businesses Act 1956 and Limited Liability Partnerships Act 2012.

As the nation progresses into the 21st century, business models are being concurrently created with the evolving economic environment. Companies that do not respond to these changes risk being exposed to irrevocable threats that will affect their long-term business sustainability.

As part of SSM's initiatives to promote corporate governance and reduce compliance costs by company and directors, SSM offered a reduction of 80% for compound notices issued prior to 2013 under the Companies Act 1965. The compound reduction offer is valid from 1 November 2014 till 31 December 2014. Compounds will be reduced automatically without the need to appeal and in order to enjoy the reduction, the directors of the company can be present at any SSM counter together with the compound notice.

We see the transformation initiated by SSM as creating opportunities for businesses to flourish with reduced bureaucracy and removal of archaic official procedures coupled with more efficient processes that are in tandem with global best business practices. Hence, the Commission Members have provided full support to SSM in its transformation journey to be at par with global corporate registrars in creating value on a sustainable basis for all its stakeholders.

2014 was a year of reckoning for SSM as it rose to the challenge and emerged as a stronger and more resilient organisation. Despite the gloomy economic outlook, the number of new company incorporations grew at 6.2% whilst new LLPs rose at a commendable 60% with new businesses registering a 0.9% increase.

In line with SSM's commitment to alleviate paperwork and in delivering efficient services, on 1 April 2014, SSM introduced new business registration forms which now consist of only two pages compared to the previous eight pages for business registration or changes to the business profile. The new registration form simplifies and expedites the business registration process and is accessible from SSM's website.

It is noteworthy that SSM has moved towards the implementation and certification of the ISO 9001:2008 based on SSM's Quality Policy. By implementing the ISO standard, SSM is committed to providing quality service through continuous improvements so as



SSM 4th National Conference was held on 3 and 4 June 2014.

to meet both client's charter and client satisfaction. This move towards ISO certification has led to collaboration with SIRIM Berhad to make available ISO standard document management which consists of Quality Manual, Quality Procedures and relevant supporting documents such as Circulars, Orders, Rules and Guidelines for registration forms and other documents. As a result, I am proud to say that on 26 September 2014, SSM was awarded the prestigious MS ISO 9001:2008 certification from SIRIM Berhad for the major process of business registration at SSM headquarters.

Continuous outreach programmes to educate a wide range of stakeholders on the role and functions of SSM has been the cornerstone of SSM's commitment in instilling understanding on the benefits of registering and in formalising businesses to ensure growth of entrepreneurship. Amongst the outreach programmes carried out included briefings on the importance of registering a business, holding exhibition counters and e-services counter to enable business entrepreneurs to obtain detailed information on the benefits of formalising their businesses, starting with registration with SSM.

Besides that, in the year 2014, SSM carried out community programmes where the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) and other agencies under MDTCC such as Intellectual Property Corporation of Malaysia (MyIPO), Bank Rakyat, Perbadanan Nasional Berhad (PNS), Cooperative Commission Malaysia (SKM) and Cooperative College of Malaysia (MKM) were also invited to hold exhibitions in these programmes. The participation of these agencies will help to facilitate the public to obtain information from the relevant agencies with the exhibition venue acting as a one-stop centre. Some of these programmes also involved the participation of other agencies related to starting a business such as Majlis Amanah Rakyat (MARA) and Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) which provided information on loans, permit applications, licences and various other facilities.

In attaining inclusive participation by Petty Traders and Small Businesses, SSM conducted training programmes for this group of entrepreneurs in collaboration with MDTCC, MARA, Amanah Ikhtiar Malaysia (AIM), TEKUN, Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT), Bank Rakyat, SME

Corporation Malaysia (SME Corp), Malay, Chinese and Indian Chambers of Commerce, Malay, Chinese and Indian Petty Traders & Small Business Associations and other related agencies. The main objectives of the training are to create awareness, enhancing knowledge and promoting good governance in doing business in accordance with the laws and business environment in Malaysia and more importantly in ensuring that all within the corporate and business community in Malaysia will have an equitable share in the economic pie.

In the pursuit of continuous learning to promote a knowledge-based corporate and business community that is creative and innovative, the 4th SSM National Conference was held on 3 and 4 June 2014 with the theme, “*Modernizing the Companies Act: Impetus for Business Transformation.*” The Conference, which was officially opened by Y.B. Dato’ Sri Hasan bin Malek, Minister of DTCC was attended by delegates from all over the world and 31 speakers, panellists and moderators delivered their papers. The Conference discussed the key changes under the proposed Companies Bill and their potential implications. Besides that, SSM also introduced the inaugural Regional Conference in Sabah with the theme “*Taking the Great Leap. Revamping The Companies Act*” where eight panellists delivered their papers.

Additionally, SSM organised the annual Non-Profit Organisation (NPO) Seminar in collaboration with various government agencies on 30 September 2014 in Kuala Lumpur with great success where the booklet entitled “*Best Practice Guides on Managing NPO*” was launched.

With all the initiatives working in congruence, I am confident that the support, passion and commitment shown by SSM’s team will help SSM achieve the next level of success. Despite the challenging conditions, I would also like to commend the efforts of my fellow Commission members, management and all SSM staff for their dedication and hard work for making 2014 a memorable year.

DATO’ SRI ALIAS BIN HJ. AHMAD

Chairman

Companies Commission of Malaysia

17 June 2015

CHIEF EXECUTIVE OFFICER'S REVIEW OF THE YEAR



“ The implementation of MyCoID, though done in stages, resulted in a sharp increase in online application name searches and incorporation of company transactions. In 2014, a total of 33,728 companies successfully registered with SSM via MyCoID. ”

In the midst of global uncertainty and evolving global business practices, SSM endeavoured to create a sustainable business environment for the nation. Through the on-going organisational transformation programme and an innovative administration, SSM resolutely carried out its mandate of shaping a vibrant business landscape for Malaysia consistent with the mandate given under the Companies Commission of Malaysia Act 2001. The achievement of several key milestones served as a stimulus for economic growth as reflected in a corresponding increase in the number of new company incorporations and registration of businesses and limited liability partnerships for the year.

During the year, the number of companies incorporated increased by 6.2% totalling 49,203 [2013: 46,321] while 332,723 new businesses [2013: 329,895] were registered with SSM, an increase of 0.9%. This brought the total number of companies registered with SSM by the end of 2014 to 1,113,465 [2013: 1,064,262] and businesses registered to 5,634,101 [2013: 5,301,378] reflecting an overall increase of 4.6% and 6.3% compared to the total number of companies and businesses registered in 2013. In the case of limited liability partnerships (LLP), there were 2,304 new registrations [2013: 1,440] with the total LLPs registered as at 31 December 2014 being 3,744, representing a 60% increase for new LLP registrations compared to 2013. Despite the lower than expected global growth rate of 2.6%, the nation experienced an increase in the number of companies and businesses registered. Malaysia's economy grew at a rate of 6% in 2014 [2013: 4.7%], a clear demonstration of the business community's unwavering confidence in doing business in Malaysia.

Though the year was fraught with challenges, SSM successfully navigated through these difficult times prudently and decisively. SSM had to move swiftly to renew its commitment to address stakeholder needs and restore investor confidence in the light of a gloomy global economic outlook. Indeed, these have been the overriding objectives of all the measures taken thus far and today SSM can take pride in the many accomplishments since its formation as a statutory body on 16 April 2002.

A bold step that SSM took was to initiate changes in the incorporation process of companies in Malaysia. On 16 May 2013, SSM implemented the mandatory online incorporation of companies through the Malaysia Corporate Identity Number [MyCoID] which resulted in the phased cessation of such services over the counter nationwide. This initiative, which

allows businesses to commence business in just one (1) day and registration with relevant agencies in a single touch point, was implemented to streamline SSM's services while simultaneously simplifying and consolidating the incorporation process via the automated MyCoID portal. The online incorporation process was implemented in stages with phase 1 involving Kuala Lumpur, Selangor and Negeri Sembilan which was completed on 16 May 2013. Under phase 2 which began in 2014, counters offering incorporation services were closed in Malacca, Perlis and Labuan effective 28 August 2014. On 3 November 2014, MyCoID was extended to Pahang, Terengganu and Kelantan whilst for the states of Perak and Kedah, it was implemented on 13 November 2014. For the states of Johor, Penang, Sabah and Sarawak, online incorporation took effect on 11 December 2014.

The implementation of MyCoID, though done in stages, resulted in a sharp increase in online application name searches and incorporation of company transactions. In 2014, a total of 33,728 companies successfully registered with SSM via MyCoID.

To align itself with the global regulatory ethos which calls for adoption of international best practices and a stakeholder-centric regulatory management system, SSM proposed that the Companies Commission of Malaysia Act 2001 be amended primarily to enhance and streamline its enforcement and regulatory powers under all the Acts it administered. The amendments were also envisaged to clarify SSM's licensing functions as well as introduce specific powers to conduct training programmes that not only promote business ethics and good corporate governance practices, but also inculcate the adoption of a corporate responsibility culture that encourages companies to seek a balance between the quest for profitability and creating a sustainable environment for the nation.

Besides these developments, other amendments to the Act include introduction of new provisions to clarify the Minister's power relating to appointment of key executive positions and on SSM's contribution to the Federal Consolidated Funds. These changes will gear SSM towards a more efficient service delivery system and allow it tap into new approaches to launch a more effective enforcement and surveillance monitoring system. This will be combined with further education and awareness programmes to achieve voluntary compliance in creating an overall conducive business environment for Malaysia.

Hence, the Companies Commission of Malaysia (Amendment) Bill 2014 along with Registration of Businesses (Amendment) Bill 2014 and Limited Liability Partnerships (Amendment) Bill 2014 were approved by Parliament on 1 December 2014 and officially gazetted on 5 January 2015.

“SSM continues to demonstrate an unyielding commitment to its core strategic thrust of promoting and driving good governance. A conducive business environment would assure investors and stakeholders of legal protection for their interests. SSM strives to create a fair, ethical, orderly and efficient business environment to ease starting a business and facilitate the in-flow of investment capital from global industrialists.”

Over a period of four (4) years since commencing its Corporate Responsibility (CR) agenda, SSM has demonstrated steady progress in advocating CR awareness by publishing Best Business Practice Circulars and Toolkits on various CR issues and in conducting a CR Seminar Series to foster greater adoption of CR activities by SMEs. In 2014, as part of SSM's on-going strategic alliance with UNICEF initiated in 2010, an impact study was carried out to gauge effectiveness of the SSM-UNICEF partnership, and the development and dissemination of the Best Business Practice Circulars (BBPC) and Toolkit in achieving the organisational objectives of both SSM and UNICEF. A total of 122 companies, mostly SMEs, were interviewed comprising 68% from the service sector, 24% from the manufacturing industry and 6% and 2% respectively from the construction and agriculture sectors. The survey evaluated the effectiveness of the following publications:

- (a) BBPC 1/2010 on “Establishment of a Childcare Centre at the Workplace by Corporate and Business Employers”;
- (b) Toolkit on “How to set up a Childcare Centre at the Workplace”;

- (c) BBPC 2/2011 on “Establishing a Conducive Working Environment for Women: Nursing Mothers Programme at the Workplace”;
- (d) BBPC 4/2013 on “Education for Sustainable Development: Promoting Technical Education and Vocational Training (TEVT).”

Since the launch of the BBPCs and Toolkit, the total number of childcare centres has been on the rise; from seven (7) in 2009 to 26 in 2014. It could be inferred that the establishment of workplace childcare centres in Malaysia has an annual growth rate of 24%, from 2009 to 2014. The primary finding of the study shows that the first two (2) BBPCs and Toolkit have led to initiatives to increase women's participation in the workforce. Almost 31% of companies that participated in the survey indicated increasing women's workforce participation as a key priority. Approximately 86% of companies that have set up a childcare centre and 52% of companies that have a nursing mother's room consider increasing women's workforce participation an essential priority.

The awareness study on the BBPCs and Toolkit among the major stakeholders indicated positive interest on the part of the stakeholders to collaborate in promoting nursing mothers'-policies, identifying grassroots issues in developing advocacy activity and campaigning for partnerships between TEVT and the private sector. Using the results of the study as a platform to establish future strategic plans, SSM and UNICEF will plan and formulate projects for the year 2015.

In nurturing the practice of integrity and internalisation of an anti-corruption culture within companies and businesses, in April 2014 SSM published a Toolkit entitled “From Pledge to Practice: A Guide to Implement the Corporate Integrity System of Malaysia” to encourage companies and businesses to implement integrity programmes on signing the Corporate Integrity Pledge (CIP). Launched by the Minister of Domestic Trade, Co-Operatives and Consumerism, YB Dato' Sri Hasan Malek on 22 April 2014, this toolkit is a collaborative effort between SSM and the Corporate Integrity Roundtable members comprising SSM, Malaysian Anti-Corruption Commission (MACC), Performance Delivery and Management Unit (PEMANDU), NKRA Against Corruption (Monitoring and Coordination Division), Transparency International Malaysia (TI-M), Malaysian Institute of Integrity (IIM), Securities Commission of Malaysia (SC) and Bursa Malaysia Berhad (Bursa). The primary objective of this Toolkit is to facilitate, support and provide technical assistance to companies and businesses to implement a corporate integrity system as an effective preventive measure against corruption.



National Seminar on the Prevention of Money Laundering and Counter Terrorism Financing 2014 organised on 30 September 2014

Following the launch of the toolkit in June 2014, SSM successfully organised its Corporate Responsibility Seminar Series (CRSS) in Kuala Terengganu with the theme “Achieving Corporate Integrity” to disseminate and introduce the newly launched Toolkit on Corporate Integrity System Malaysia [CISM] for adoption specifically by the SMEs.

As in past years, the SSM National Conference (SSMNC), renowned for the depth and value of its contents on the dynamics of corporate law and related corporate best practices, was held from 3 to 4 June 2014. It provided a discussion platform for the theme “*Modernizing the Companies Act. Impetus for Business Transformation*”. Held in Kuala Lumpur, the 2014 SSMNC was officially opened by YB Dato’ Sri Hasan Bin Malek, Minister of Domestic Trade, Co-Operatives and Consumerism and participated by 351 delegates. A total of 31 speakers, panellists and moderators comprising SSM’s senior officers, professionals and experts in corporate law, accounting and finance presented papers and shared their thoughts and fascinating in-depth discussions on matters relating to the proposed new Companies Bill. The topics discussed included changing the mind-set on how business will be conducted under the proposed Companies Bill, identifying specific actions required under the new compliance and disclosure requirements, defining the creation of sustainable competitive advantage under the new legal framework, and identifying areas under the new regime that will catalyse the impetus for an overall transformation and modernisation of doing business in Malaysia.

Apart from holding the 2014 SSMNC, SSM introduced the inaugural Regional Conference which was held in Sabah on 27 August 2014. The aim was to reach out to the corporate and business community in East Malaysia. Themed “*Taking the Great Leap. Revamping The Companies Act*”, the conference was attended by 188 delegates and had an 8-member panel of speakers made up of SSM’s senior officers who presented papers and provided insights on the proposed Companies Bill.

SSM continues to demonstrate an unyielding commitment to its core strategic thrust of promoting and driving good governance. A conducive business environment would assure investors and stakeholders of legal protection for their interests. SSM strives to create a fair, ethical, orderly and efficient business environment to ease starting a business and facilitate the in-flow of investment capital from global industrialists.

Sound business regulations are fundamental to starting a business with simple procedures which could be completed swiftly and inexpensively. SSM continued to play an active role in promoting a conducive business environment which resulted in Malaysia moving up two (2) notches to the 18th position from the previous year’s 20th position among 189 countries surveyed in the Doing Business 2015 Report (DB2015) published by International Finance Corporation World Bank annually. This ranking places Malaysia ahead of Taiwan (19th), Switzerland (20th), Thailand (26th), The Netherlands (27th) and Japan (29th). In fact, in the ASEAN and Asia region, Malaysia is ranked second

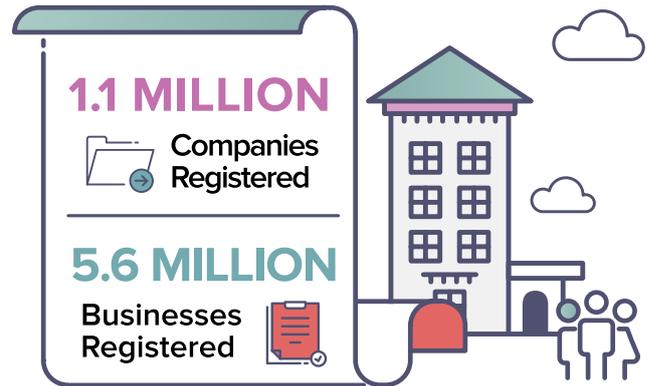
and fourth respectively after Singapore, Hong Kong and the Republic of Korea.

Despite a change in the World Bank's method for analysing a country's performance for the DB2015 Report, SSM's contributions continue to have a positive significant impact in the indicators of "Starting a Business", "Getting Credit", "Protecting Minority Investors" and "Resolving Insolvency" where Malaysia is ranked 13th, 23rd, 5th and 36th positions respectively. A notable improvement in rank is seen in the area of "Resolving Insolvency" where Malaysia is now ranked at 36th position compared to 65th reported in DB2014. Moving up 29 notches in rank within a year is indeed a remarkable achievement.

In terms of corporate regulatory practice, SSM consistently benchmarks its regulatory work against international regulatory practices and standards to reduce systemic risks in the domestic business environment. Furthermore SSM is consistently adopting policies that are intended to increase the flow of capital into Malaysia while maintaining important safeguards for investors and stakeholders.

For greater awareness of the possible risk of Non-Profit Organisations (NPOs) being misused for personal interest, money laundering and terrorism financing activities, SSM successfully organised the annual NPO Seminar in collaboration with the Malaysian Registrar of Societies (ROS), Labuan FSA and the Legal Affairs Division, Prime Minister Department (BHEUU) on 30 September 2014 in Kuala Lumpur. At this event, a brochure entitled, "Best Practice Guides on Managing NPOs" was successfully launched. This publication, a joint initiative of the agencies involved in the seminar, aims to serve as a point of reference for directors, trustees and office holders of NPOs to implement best practices in managing their respective organisations.

The commitment and efforts by SSM staff towards the 5S practices which can effectively improve the quality of services, reduce cost and ease work processes did not go unrewarded. Re-certification of 5S was conducted simultaneously at SSM Headquarters and State/Branch in November and December 2014 by auditors from the Malaysia Productivity Corporation (MPC), assisted by SSM's 5S internal audit team. The five (5) elements to measure the effectiveness of 5S are productivity, quality of work, cost savings, delivery, safety and morale. SSM performed well in the re-certification exercise and MPC approved the re-certification of 5S for all the offices of SSM throughout Malaysia for the period 2014-2015 on 3 December 2014. The 5S approach is a



management tool pioneered by the Japanese industry to create a work place environment that is comfortable, neat and safe.

During the year, SSM successfully and aggressively pursued wide ranging enforcement actions covering offences relating to misconduct and breaches of legislations under its purview. SSM successfully leveraged on technology to monitor compliance and take swift action for non-compliance, thus shoring up overall confidence in doing business in Malaysia.

In 2014, the compliance rate stood at 92% compared to 93% in 2013, which is due to a slight change in calculations. In 2013, the compliance rate was derived from lodgement of annual returns and financial statements received in 2013 within and beyond the timeframe as stipulated under the Companies Act 1965. It is encouraging to note that the compliance rate continues its current upward trend over recent years, reflecting a corporate environment where companies are making a conscientious effort to comply with corporate regulations. Corporate compliance means having internal policies and procedures designed to prevent and detect violations of applicable laws, regulations, rules and ethical standards by employees, agents and others. It involves legal risk management and internal controls. At the same time, companies have to tread the fine line between corporate compliance and cost containment in applying corporate compliance principles.

Driven by its aspirations to be a world class Registrar, SSM sought the ISO 9001:2008 certification to promote continuous improvements of its products. ISO 9001:2008 is an international standard against which an organisation benchmarks to develop a quality management system (QMS) with a goal to provide products which can consistently fulfil customers' needs and enhance the level of satisfaction. On 26 September 2014, SSM formally received the ISO

9001:2008 certification for the scope of business registration in SSM headquarters for a period of three (3) years from SIRIM, an ISO certification body.

Staff welfare has always remained on SSM's agenda. Towards this the Department of Occupational Safety and Health of Federal Territory visited SSM on 9 December 2014 to measure SSM's compliance level with occupational safety and health in the workplace. Members of the delegation were satisfied with SSM's compliance to Occupational Safety and Health Act 1994 at headquarters. SSM is now eligible for nomination for the Award of Excellence in the public sector/agency category for the year 2015.

Two (2) major outreach and promotional programmes carried out during the year were the Customer Day Programme and SSM Community Programme. The aim of these programmes was to reach out to entrepreneurs and forge closer ties with the business community and public so as to ensure greater awareness of the products and services of SSM.

An important aspect of SSM's work is the role played by the media in elevating public awareness on its products and services. SSM continues to have an excellent working relationship with the media and local radio stations like National FM, Bernama Radio 24 and others continue to ensure good media coverage on its initiatives, for instance, the MyCoID.

Through participation in local and international exhibitions, expositions and international franchise promotion missions in Australia, Indonesia, Vietnam and United Arab Emirates, much interest has been generated on Malaysia and the role that SSM plays in its economic growth. During the year, SSM received several courtesy visits from local and foreign counterparts as well as study visits from university students, providing SSM an opportunity to brief them on its role and the products and services it offers.

The year 2014 has not been exactly smooth sailing as SSM had to face enormous challenges where decisive actions had to be taken with great determination and focus. I believe SSM will continue to make good progress towards its vision of making Malaysia the trusted and preferred place for doing business through effective registration, information, regulation and advice.

Last but not least, I would like to express my gratitude to the Honourable Minister, Chairman and members of the Commission for their valuable advice as well as to the Executive management team for their

continued effort and support. Last but not least, my deep appreciation to SSM team/employees for their commitment to our vision and our ever responsive stakeholders. I am confident SSM, with the support of dedicated and talented team/employees, will continue to make great strides in the years ahead.

ZAHRAH ABD WAHAB FENNER

Chief Executive Officer

Companies Commission of Malaysia

1 June 2015

COMPANIES
COMMISSION OF
MALAYSIA (SSM)
COMMISSION MEMBERS



COMPANIES COMMISSION OF MALAYSIA (SSM) COMMISSION MEMBERS

The Commission Members are appointed by Minister of Domestic Trade, Co-operatives and Consumerism as provided for under section 6 of the Companies Commission of Malaysia Act 2001. The Commission Members are chosen from among legal practitioners, senior government officers, professionals and leading corporate figures with distinguished records. These outstanding members are entrusted with the responsibility of governing, steering and charting the direction of SSM. Over the years, valuable advice and guidance from the Commission Members have been a prominent factor in SSM's outstanding achievements and standard setting in the corporate sector.

During the year, the Commission Members had convened a total of seven (7) meetings to consider and approve various important matters including long term plans, strategic initiatives and review of the established key performance indicators (KPI). The Commission Members viewed good governance and best practices as of utmost importance and that these principles should be intrinsic to various functions and duties implemented by the SSM Management.

Details of meetings held for the year 2014 are as follows:

Members	73rd Meeting 19 March 2014	Special Meeting 1/2014 8 April 2014	74th Meeting 3 July 2014	75th Meeting 8 September 2014	76th Meeting 28 October 2014	77th Meeting 8 December 2014	Special Meeting 2/2014 18 December 2014	Total Attendance
YBhg. Dato' Sri Alias bin Hj. Ahmad	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7/7
YBhg. Tan Sri Idrus bin Harun	Attended	Attended	Attended	Attended	Not Present	Not Present	Not Present	4/4
YBhg. Prof. Dato' Dr. Aishah binti Bidin	Attended	Attended	Attended	Attended	Attended	Not Present	Attended	6/7
YBhg. Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7/7
YBhg. Datuk Idris bin Abdullah	Attended	Attended	Not Present	Not Present	Not Present	Not Present	Not Present	2/2
YBrs. Puan Laila Wathiqah binti Judin	Attended	Attended	Attended	Not Present	Not Present	Not Present	Not Present	3/4
YB Datuk Datu Nasrun bin Datu Mansur	Not Present	Attended	Not Present	Attended	Not Present	Attended	Attended	4/7
YBhg. Dato' Sri Robin Tan Yeong Ching	Attended	Not Present	Attended	Attended	Attended	Attended	Not Present	5/7
YBhg. Dato' Zaidon bin Haji Asmuni	Not Present	Not Present	Not Present	Not Present	Attended	Attended	Attended	3/3
YBhg. Dato' Mohd Naim Daruwish	Attended	Attended	Attended	Attended	Not Present	Not Present	Not Present	4/4

Attended Not Present

COMPANIES COMMISSION OF MALAYSIA (SSM) COMMISSION MEMBERS



1. Dato' Seri Alias Bin Hj. Ahmad
(Effective 5 February 2014)

2. Dato' Zaidon Bin Hj. Asmuni
(Effective 15 October 2014)

3. Datuk Datu Nasrun Bin Datu Mansur

**4. Datuk Seri Syed Ali Bin Tan Sri Syed
Abbas Alhabshee**

5. Datuk Idris Bin Abdullah
(Until 1 July 2014)



6. Dato' Sri Robin Tan Yeong Ching
(Effective 16 January 2014)

7. Prof. Dato' Dr. Aishah Binti Bidin

8. Puan Laila Wathiqah Binti Judin
(Until 18 October 2014)

9. Tan Sri Idrus Bin Harun
(Until 11 September 2014)

10. Dato' Mohd Naim Daruwish
(Until 16 September 2014)

**YBHG. DATO' SRI ALIAS BIN HJ. AHMAD
(Chairman)**

Dato' Sri Alias bin Hj. Ahmad was appointed as Chairman of the Companies Commission of Malaysia (SSM) effective 5 February 2014. He holds a Master in Strategic and Defence Studies and a Bachelor of Arts (BA) (Hons) from Faculty of Arts and Social Sciences, both from University of Malaya. He also holds a Diploma in Intelligence and Security from the Military College of Taiwan.

Dato' Sri Alias began his career in 1982 as a Diplomatic Officer. He held posts in several government bodies and ministries such as Kuala Lumpur City Hall, Public Service Department of Malaysia and the Prime Minister's Department. He served in various divisions in the Ministry of Home Affairs from 2003 prior to his appointment as Director General of Immigration Malaysia on 15 October 2010. Dato' Sri Alias assumed the post of Secretary-General, Ministry of Domestic Trade, Co-operatives and Consumerism in February 2014. He also serves as a member of the Board of Directors of Bank Rakyat.

YBHG. TAN SRI IDRUS BIN HARUN

Tan Sri Idrus bin Harun was appointed a Commission Member effective 16 April 2002 until 11 September 2014. He holds a LLB (Hons) Degree from University of Malaya. He started his career as a Legal Officer in 1980. Tan Sri Idrus had since served in various senior positions, including the 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 Advisor for the State of Terengganu, Senior Federal Counsel of the Anti-Corruption Agency and Legal Advisor 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 being appointed to his current position as Solicitor General.

Tan Sri Idrus also served as a member of the Labuan Financial Services Authority (Labuan FSA), Securities Commission, Foreign Investment Committee (FIC), Malaysia – Thailand Joint Authority (MTJA), Retirement Fund (Incorporated) and Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN). Tan Sri Idrus is currently a Judge in the Court of Appeal Malaysia.

YBHG. PROF. DATO' DR. AISHAH BIDIN

Prof. Dato' Dr. Aishah Bidin was appointed a Commission Member effective 1 January 2011. Dr. Aishah obtained her LLB (Hons) from University of Malaya, Master in Laws from University of Kent and PhD in Laws from University of London. Dr. Aishah is Professor of Corporate and Insolvency Law at the Law Faculty at Universiti Kebangsaan Malaysia (UKM). Her areas of specialisation include company and corporate finance law, securities regulation, bankruptcy and insolvency law. She has been lecturing on company and partnership law since 1989; her other areas of expertise include energy law and corporate regulation. Dr. Aishah has published in several Malaysian and British academic journals on company, securities and insolvency law.

Prof. Dato' Dr. Aishah is Chairman of the Advisory Panel for COMTRAC (Training Academy for Companies Commissions of Malaysia), Executive Council Member of International Centre for Law and Legal Studies (I-Cells), Attorney General Chambers (AGC) of Malaysia and a member of the Intellectual Property Advisory Board of UKM. Prof. Dato' Dr. Aishah also serves as a Commissioner for the Human Rights Commission of Malaysia (SUHAKAM). She had previously being a member of the Board of Directors, Yayasan Bantuan Guaman Kebangsaan (YBGK) and had served the Malaysian Corporate Law Reform Steering Committee (CLRC). She had also served UKM Holdings, the corporate arm of Universiti Kebangsaan Malaysia, as the Legal Adviser.

YBHG. DATUK SERI SYED ALI BIN SYED ABBAS ALHABSHEE

Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee was appointed as Commission Member effective 16 January 2012. He holds a Diploma in Leadership and Management from the New Zealand Institute of Management, New Zealand. Datuk Seri Syed Ali is Chairman of Yayasan Pendidikan Cheras and the Executive Director of Yayasan Wilayah Persekutuan. He is also a Board Member of Tourism Malaysia.

YBHG. DATUK IDRIS BIN ABDULLAH

Datuk Idris bin Abdullah was appointed a Member of the Companies Commission of Malaysia (SSM) effective 2 July 2012. He holds an LLB (Hons) degree from University of Malaya.

Datuk Idris is currently senior partner at Messrs Idris and Company Advocates, Kuching, Sarawak. He also holds several key positions in Malaysia and Singapore, namely as Chairman/Director of Magnus Energy Group Ltd (listed on Singapore's SESDAQ), Chairman/Director of Xian Leng Holdings Berhad (listed on the Malaysian Stock Exchange) and Director of Konsortium Rangkaian Serantau (Regional Network Consortium) Sdn. Bhd. He is also a Member of the Malaysian Communications and Multimedia Commission (SKMM) as well as an Independent Non-Executive Director of Malakoff Corporation Berhad.

PUAN LAILA WATHIQAH JUDIN

Puan Laila Wathiqah Judin holds a Bachelor Degree in Economics (Hons) and was appointed as a Commission member effective 19 October 2012. She began her career in the public service in 1978 as an administrative officer before her appointment as a Diplomatic Officer in 1981. Her first attachment was in the Public Service Department followed by the Ministry of Housing and Local Government. She then moved on to the Ministry of Primary Industry where she was appointed to lead two (2) delegations. One was to the 9th Conference of The Parties to the United

Nations Framework Convention on Climate Change at Milan, Italy (December 2003) and the second was the ASEAN Senior Officials Meeting (ASOM) held in Vietnam to discuss co-operation on forestry issues among ASEAN countries. Her next appointments were at the Economic Planning Unit of the Prime Minister's Department and Project Monitoring Unit (PMU) at the Ministry of Finance. While serving PMU, she was responsible for monitoring the implementation of key and high impact projects under the two stimulus packages of the 9th Malaysia Plan (2009-2012). Puan Laila Wathiqah is heading the Administration Section of the Remuneration Policy and Management Division of the Ministry of Finance.

She has served as a Board member of Balai Seni Lukis Negara and Malaysian Explosives Company. Currently, she is a Board member of Lembaga Pemegang Amanah Yayasan Tun Abdul Razak.

YBHG. DATO' SRI ROBIN TAN YEONG CHING

Dato' Sri Robin Tan Yeong Ching was appointed as Commission Member on 16 January 2014. He graduated with Bachelor of Social Science in Accounting/Law from University of Southampton, United Kingdom, in 1995.

He joined Berjaya Group Berhad in 1995 as an Executive and subsequently rose to General Manager, Corporate Affairs in 1997. He was appointed to the Board of Berjaya Corporation Berhad (BCorporation) as Executive Director on 21 December 2006. He rose to the position of Chief Executive Officer of BCorporation on 1 January 2011 and a year later on 23 February 2012, assumed the position of Chairman/CEO of BCorporation.

Dato' Sri Robin Tan is Chairman of Berjaya Media Berhad, Sun Media Corporation Sdn. Bhd. and Informatics Education Ltd, Singapore and also the Executive Chairman of Berjaya Food Berhad. He also holds the position of Director in Atlan Holdings Bhd, Berjaya Sampo Insurance Berhad, KDE Recreation Berhad and Berjaya Golf Resort Berhad as well as in several other private limited companies in the BCorporation group of companies.

YB DATUK DATU NASRUN BIN DATU MANSUR

Datuk Datu Nasrun bin Datu Mansur was appointed a Commission Member effective 1 December 2013. He holds an LLB (Hons) degree from University of Malaya. He is Chairman of Palm Oil Industrial Cluster (POIC) Sabah Sdn. Bhd. and Deputy Chairman of Pertubuhan Islam Seluruh Sabah (USIA). Datuk Datu Nasrun is Member of Parliament for Silam.

Dato' Mohd Naim is also a board member of Labuan Financial Services Authority (Labuan FSA), Financial Reporting Foundation (FRF), Certified Integrity Officer Recognition Board as well as Audit Oversight Board (AOB) of the Securities Commission.

YBHG. DATO' ZAIDON BIN HJ. ASMUNI

Dato' Zaidon bin Hj. Asmuni holds a Bachelor Degree in Social Science (Hons) from Universiti Sains Malaysia and was appointed a member of the Commission effective 15 October 2014. He began his career in 1981 as a Diplomatic Officer in the Ministry of Home Affairs where he served several divisions at the Ministry. Dato' Zaidon was Director of Administration Division, Immigration Department of Malaysia, before being promoted to Director General of the People's Volunteer Corps (RELA). His next appointment was as Deputy Secretary-General (Strategic), Ministry of Youth and Sports. Dato' Zaidon is currently Deputy Secretary-General (Administration), Ministry of Domestic Trade, Co-operatives and Consumerism.

YBHG. DATO' MOHD NAIM DARUWISH

Dato' Mohd Naim Daruwish was appointed Chief Executive Officer of SSM effective 1 December 2011. An LLB (Hons) graduate from University of Malaya, he began his career as a Legal Officer with the Legal Department of Bank Pertanian Malaysia in April 1984 before being appointed as Magistrate in 1985 and later as a Senior Magistrate.

Dato' Mohd Naim moved to the Employees Provident Fund (EPF), Kuala Lumpur where he was appointed as Manager and later as Senior Manager of Prosecution/Litigation Division in the Legal Department. Among the positions held in EPF were General Manager of Enforcement Department, Senior General Manager of Legal Department and Senior General Manager of Contribution Department.



EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT



ZAHRAH ABD WAHAB FENNER
Chief Executive Officer

(Effective 1 January 2015)
(Acting Chief Executive Officer from 17 September to 31 December 2014)
(Deputy Chief Executive Officer (Services) until 31 December 2014)

Zahrah Abd Wahab Fenner holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia and is a Chartered Accountant.

She was appointed as Chief Executive Officer of SSM effective 1 January 2015. She previously held the post of Deputy Chief Executive Officer (Services) [DCEO (Services)] at SSM from 16 April 2002 to 31 December 2014. As DCEO (Services), she was responsible for the Corporate Resource Division, Information Communication & Technology, Training Academy (COMTRAC) and Public Affairs Section. She is a member of the Approval and Implementation Committee of Iskandar Region Development Authority (IRDA) and has been a council member of the Malaysian Institute of Accountants (MIA) since 16 July 2011.

She began her career as an Advisor Accountant with the Royal Customs and Excise Department and served the department from August 1984 to April 1992. During this tenure, she advised on matters relating to valuation and standard of international practices of the open market. Between the period May 1992 to July 1995, she was attached to the Ministry of Foreign Affairs as Principal Accountant whose responsibilities include overseeing financial accounts and auditing of the Malaysian Embassies and High Commissions worldwide.



Y.BHG. DATO' MOHD NAIM DARUWISH
Chief Executive Officer

(Until 16 September 2014)

Dato' Mohd Naim Daruwish graduated with an LLB (Hons) degree from University of Malaya. He began his career as a Legal Officer with the Legal Department of Bank Pertanian Malaysia on April 1984 before being appointed as Magistrate in 1985 and later as Senior Magistrate.

He was then appointed as Manager and later as Senior Manager of the Prosecution/Litigation Division, Legal Department, Employees Provident Fund, (EPF), Kuala Lumpur. Among the positions held in EPF were General Manager of the Enforcement Department, Senior General Manager of Legal Department and Senior General Manager of Contribution Department.

Dato' Mohd Naim was appointed as Chief Executive Officer, SSM effective 1 December 2011. He is also a board member of Labuan Financial Services Authority (Labuan FSA), member of the Financial Reporting Foundation (FRF), Board Member of Certified Integrity Officer Recognition Board as well as member of the Audit Oversight Board (AOB).



KHUZAIRI YAHAYA

Deputy Chief Executive Officer (Operations)

(Effective 15 March 2015)

(Acting Deputy Chief Executive Officer, Operations from 8 October 2014 to 14 March 2015)

(Director, Information and Communication Technology Division until 14 March 2015)

Khuzairi Yahya is currently Acting Deputy Chief Executive Officer (Operations) [Acting DCEO (Operations)] with effect from 8 October 2014. He oversees functions of the Registration and Services Division, Marketing and Business Development Division, Corporate Development and Policy Division, and Branch Operations which is responsible for supervision and monitoring of 14 state offices, 4 branch offices and service counters nationwide under the Urban Transformation Centre (UTC) initiative. Since 2010, he has been holding the portfolio of SSM's Director of Information and Communication Technology Division. Khuzairi Yahya holds a Bachelor of Science in Management (Minor in MIS), Purdue University, USA. He began his career with Information and Communication Technology Division, Securities Commission where he served for 9 years. He was appointed General Manager of Information and Communication Technology Department, SSM in 2003 and then as Director of Internal Audit in 2007.



ROSLI HAJI AHMAD

Deputy Chief Executive Officer (Services)

(Effective 15 March 2015)

(Director of Registration Services Division until 14 March 2015)

Rosli Haji Ahmad was appointed as the Deputy Chief Executive Officer Services [DCEO (Services)] with effect from 15 March 2015. He oversees the functions of Corporate Resource Division, Information Communication and Technology Division, SSM Training Academy (COMTRAC) and Public Affairs Section. Rosli Haji Ahmad holds a Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia. He was first appointed as Assistant Registrar of Companies in 1985; ROC Labuan Branch Manager; Head of ROC Pahang Branch, Head of ROC Melaka Branch; SSM's Set-Up Committee between 1999 and 2002. Thereafter he was appointed as the State Director of SSM Melaka in 2004; State of Director of SSM Johor in 2006 and later as the Director of Compliance Division in 2008. From February 2014 to 14 March 2015, he holds the portfolio of Director of Registration Services Division.

**MOHAMED ZANYUIN ISMAIL****Deputy Chief Executive Officer (Operations)**

(Until 3 September 2014)

Mohamed Zanyuin was appointed as Deputy Chief Executive Officer (Operations) [DCEO (Operations)] with effect from 1 July 2013. He oversees functions of the Registration and Services Division, Marketing and Business Development Division, Corporate Development and Policy Division, and Branch Operations which is responsible for the supervision and monitoring of 14 state offices, 4 branch offices and service counters nationwide under the Urban Transformation Centre (UTC) initiative. Mohamed Zanyuin holds a Bachelor Degree in Social Science (Hons) from Universiti Sains Malaysia. He was first appointed as Registration Officer/Assistant Registrar of Companies under the Ministry of Trade and Industry in 1980, Deputy Registrar of Registrar of Business in 1995 and Senior Manager for Business Registration Section in 1995. With the establishment of SSM, he was appointed as Director of Registration Services in 2003.

**ABDUL RASID BIN SUDIN****Senior Director, Enforcement**

(Effective 15 April 2014)

Abdul Rasid bin Sudin graduated with Bachelor of Laws (LL.B Hons) from University of Malaya in 1986. He was appointed Senior Director of SSM's Enforcement Office in 15 April 2014. His portfolio at SSM includes complaints, compliance, investigation, civil litigation and legal advisory. Prior to this appointment, he had served in various capacities namely as Deputy Public Prosecutor in Anti-Corruption Agency from 1986 to 1989, Deputy Public Prosecutor in Sabah from year 1989 to 1991, Deputy Public Prosecutor in Pahang from 1991 to 1992, Federal Counsel at Inland Revenue Board in Johor Bahru, Johor from 1992 to 1993, Assistant Legal Advisor for the State of Johor in the Johor State Legal Advisor's Office from 1993 to 2000, Senior Federal Counsel with Ministry of Home Affairs, Putrajaya from 2000 to 2001, Senior Federal Counsel/Deputy Public Prosecutor in Attorney General Chambers's branch in Sabah from 2001 to 2004, Head of Prosecution Unit/Deputy Public Prosecutor with Johor State Legal Advisor's Office from 2004 to 2007, Legal Advisor for Perlis State Legal Advisor's Office from 2007 to 2013. Thereafter, from 1 November 2013 to 14 April 2014, he was Deputy Director General (Civil) at Legal Aid Department, Putrajaya.

NOR AZIMAH ABDUL AZIZ**Director, Corporate Development and Policy Division**

- **Portfolio:** Law reform, policy, international and domestic networking, periodical statistics reporting, economic and financial reporting research, strategic planning, project management and monitoring and corporate responsibility.
- **Academic Qualifications:** Bachelor of Laws (Hons), Institut Teknologi MARA and Master of Laws (LLM in Business Law), University of Wales, Aberystwyth, UK.

**AMIR AHMAD****Director, Companies Commission of Malaysia Training Academy (COMTRAC) (Effective 16 June 2014)**

- **Portfolio:** Human capital, talent management, organisational administration, integrity and discipline, administration, facilities management and financial affairs.
- **Academic Qualifications:** Bachelor of Science in Business Administration, Bowling Green State University and Master of Business Administration (MBA), Western Michigan University, USA.

**AZNORASHIQ MOHAMED ZIN****Director, Investigation Division**

- **Portfolio:** Investigation.
- **Academic Qualifications:** Professional Bachelor of Accounting (Hons), International Islamic University of Malaysia; Certified Fraud Examiner (CFE); Master of Business Administration (MBA) in Finance, International Islamic University of Malaysia; Chartered Accountant, Malaysian Institute of Accountants (MIA) and Certified Fraud Examiner (CFE) of the Association of Certified Fraud Examiners in Austin, Texas, United States.

**MUHAMAD FARIS OTHMAN****Director, Marketing and Business Development Division**

- **Portfolio:** Product and business development, marketing, information services, scanning of documents, document management and customer management.
- **Academic Qualifications:** Bachelor of Laws (LLB)(Hons), Universiti Kebangsaan Malaysia and Master of Laws (LLM), University of Malaya.





KU HAYATI BINTI KU HARON
Director, Legal Services Division

- **Portfolio:** Provides legal advice for SSM; manages all matters relating to prosecution of cases under the Companies Act 1965, Registration of Businesses Act 1956, Limited Liability Partnerships Act 2012 and Kootu Funds (Prohibition) Act 1971 as well as civil cases by and against SSM; conducts criminal appeal cases by and against SSM in High Court and Court of Appeal.
- **Academic Qualifications:** Master of Laws (LLM) and Bachelor of Laws (LLB) (Hons), International Islamic University of Malaysia.



REZY IZWAN RAMLY
Director, Compliance Division
 (Effective 1 February 2014)

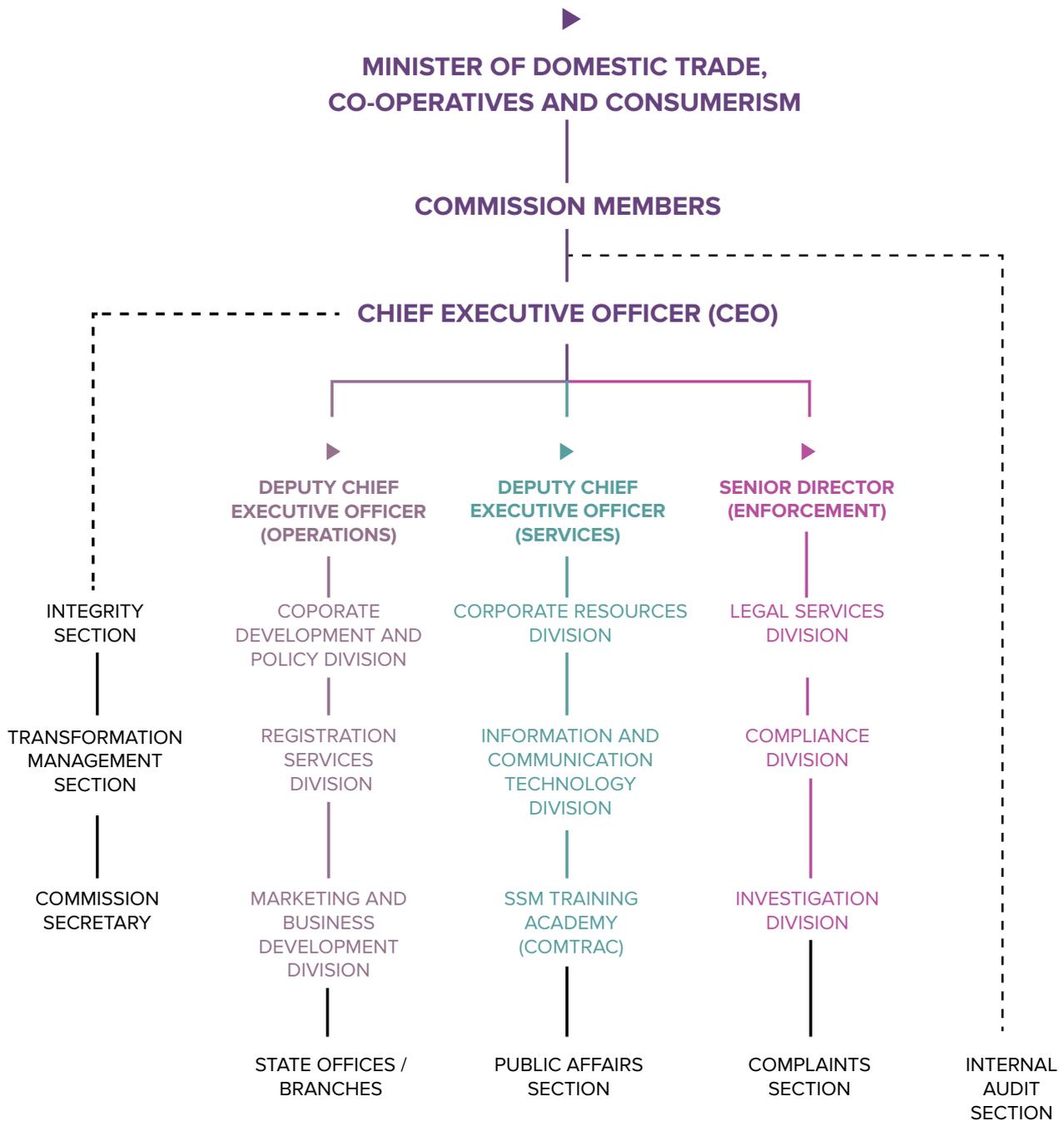
- **Portfolio:** Management of SSM's compliance and corporate surveillance activities on company secretaries, auditors and board of directors.
- **Academic Qualifications:** Bachelor of Laws (LLB)(Hons) from University of Warwick, United Kingdom; obtained Certificate of Legal Practice (CLP) in 2000; a Certified Financial Investigator (CFI).



ZARINA ABDUL SAMAD
Director, Corporate Resources Division
 (Effective 15 April 2015)
 (Acting Director Corporate Resources Division from 1 August 2014 to 14 April 2015)

- **Portfolio:** Human capital, talent management, organisational administration, administration, facilities management and financial affairs.
- **Academic Qualifications:** Higher Diploma of Accountancy, Universiti Teknologi MARA (UiTM) and Chartered Accountant, Malaysian Institute of Accountants (MIA)

ORGANISATION CHART





2014 ECONOMIC REVIEW **AND SSM'S KEY STATISTICAL** **ANALYSIS**

2014 ECONOMIC REVIEW

AND SSM'S KEY STATISTICAL ANALYSIS

In 2014, the global economy experienced lower than expected growth, being weighed down by several years of business uncertainty. Growth was marginal with an increase of 0.1% to 2.6% over the previous year's growth of 2.5%. The global economy is still struggling to find its foothold to gather momentum as many developed countries continue to cope with the legacy of the global financial crisis (GFC), coupled with emerging markets not performing as dynamically as expected.

Economic factors such as low interest rates, soft commodity prices, diverging monetary policies across major economies and weakening world trade influenced the global economic outlook. However, the sharp decline in oil prices in 2014 has helped to cushion the downward spiral of the economy in oil importing developing countries and at the same time offset some of the negative economic factors, thus spurring economic activities in these countries. However, the low price of oil has dampened the growth potential in oil exporting countries with significant repercussions on the region. Global economic growth is forecasted to show moderate improvements with the growth rate expected to be about 3% in 2015. The growth rate in high income countries is expected to be in the region of 2.2%, riding on the back of gradually recovering labour markets, receding fiscal consolidation and reasonably low financing costs. On the other hand, lower oil prices continue to contribute to diverging projections for oil exporting and importing countries, particularly in 2015.

In 2014, amidst the gloomy global economic outlook, Malaysia recorded a growth of 6%, up from 4.7% in 2013. The stronger growth was underpinned by strong domestic demand and was supported by an improved external trade performance. It was driven by net exports which contributed positively to growth in the current year (unlike the negative contribution in past years) where Malaysia benefitted from both the economic recovery experienced in developed countries and the sustained demand from regional economies.

Growth of real exports of goods and services outperformed the growth of imports with net exports of goods and services recording a growth of 19.7% (2013: -12.6%) where domestic demand continued to be the main driver for growth. Although domestic demand grew at a more moderate pace led by private sector activities, favourable income growth and stable labour market conditions supported private consumption.

Manufacturing and services sectors continued to drive private investments to a growth rate of 11% (2013: 13.1%). These sectors benefitted from both the improvements in the external environment as well as sustained domestic consumption. Cost-cutting measures led by the Government's commitment to fiscal consolidation has reduced public sector expenditure resulting in a marginal contribution to overall growth during the year. Steps taken to reduce discretionary spending partly led to moderation in public consumption growth in the year, especially spending on travel, rent, food and beverage.

Meanwhile public investment was lower than expected with a negative growth of 4.9% (2013: 2.2%) due to tight capital spending by the Government and also due to the completion or near completion of major projects during the year. Furthermore, the reduction in spending on machinery and equipment during the year, mainly in utilities and air transportation sub-sectors, contributed to the lower growth rate. However, investments in the oil and gas (O&G) sectors and other transportation sub-sectors continued to be robust helping to cushion the negative growth. Lower development expenditure by the Government resulted in reduced capital spending in the trade and industry, education, and transportation sub-sectors. As for public enterprises, the bulk of the spending flowed into the construction industry, upgrading of transportation infrastructure, development of agriculture, as well as the construction of new schools and the upgrading of facilities in higher learning institutions.

As Malaysia is an open economy, its outlook will be influenced by economic developments in the region

and its major trading partners. Export growth is projected to be lower due to lower commodity prices whilst uncertainties pertaining to the resilience of the global economy coupled with declining global oil prices in the second half of 2014 have raised concerns about Malaysia's fiscal and balance of payments positions. These factors have influenced market sentiments with greater volatility experienced in the Malaysian capital markets in 2015.

Nonetheless, Malaysian exports are expected to grow in 2015 in line with forecasted economic growth in the United States and continued growth in the regional economy. Lower fuel price is expected to increase consumption and investment expense in net oil-importing countries like the United States, China and countries in this region which are Malaysia's main trading partners. A strong demand in communication devices, automotive parts and electronic and electrical components will become a prime mover for export in Malaysia and in turn, the balance of payments position will be more resilient and remain positive.

The Malaysian economy is projected to show steady growth in the coming months, underpinned by sustained growth in domestic demand supported by strong domestic fundamentals and a resilient export sector. Domestic demand coupled with private sector spending will remain the main driving force for growth in 2015 with private consumption forecasted to

continue its five (5) year trend of above average growth rates since the financial crisis, relative to developed countries, where growth has been more moderate.

Beyond these numbers, the global economy is expected to strengthen at a moderate pace with increasing divergence in the growth momentum seen in developed countries. As Malaysia moves into a new tax regime with the implementation of the Goods and Services Tax (GST) in April 2015, there will be a reduction in the purchasing power of consumers. However, growth projection for the Malaysian economy in 2015 remains positive and is expected to average out at 5%.

REGISTRATION OF BUSINESSES

In the pursuit of economic growth, it is important to ensure everybody benefits and that this growth is sustainable over the long term. Under the Economic Transformation Programme (ETP) the Government is committed to ensuring growth is achieved in an inclusive and sustainable way. As Malaysia strives to develop its capital economy towards achieving a higher gross national income (GNI), the government is resolute in ensuring growth of the economy which can be correlated with household income, the cost of living and the well-being index. It is within this context that efforts to encourage hawkers and petty traders to register their business with SSM were undertaken in



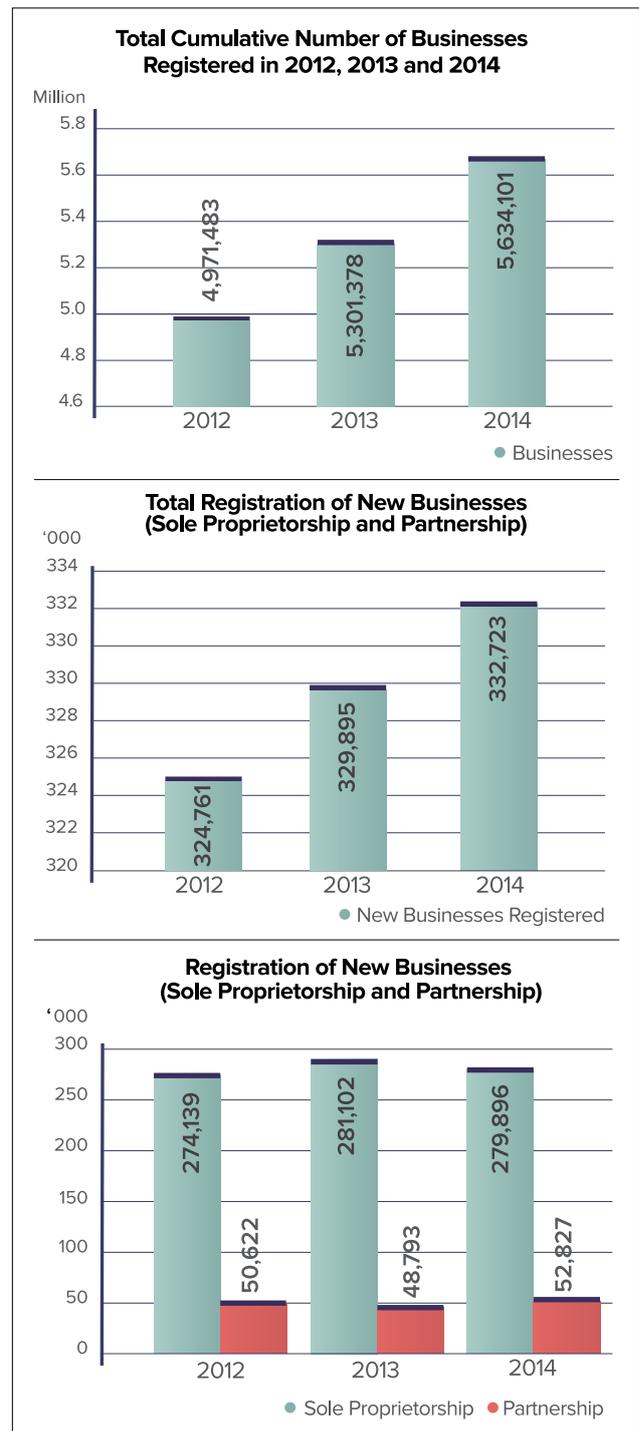
2014 with various incentives being introduced for them. Incentives such as *Pelan Insurans 1Malaysia Penjaja*, *Peniaga Kecil Nasional (P1MPIN)* and *Program Penjaja 1Malaysia (PP1M)* were introduced to spur growth, as well as to ensure that the majority of Malaysian entrepreneurs benefited from the nation’s pursuit of inclusive growth. PP1M is a Government initiative through the National Blue Ocean Strategy 7 which aims to ensure the cleanliness of the physical area for doing business and emphasises the provision of healthy food and a safer working environment. P1MPIN is an insurance protection cluster scheme introduced by the Ministry of Domestic Trade, Co-operatives and Consumerism (KPDNKK) through Bank Rakyat (a Government agency) to provide free round-the-clock protection to all merchants nationwide. Additionally, the Microfinance Hawkers and Small Traders Scheme (Microfinance-i MPPK) introduced by the Government through Bank Rakyat helps hawkers and small traders upgrade their businesses through interest-free financing. Financing is channelled through *Koperasi Simpanan Dan Kredit Bersatu Malaysia Berhad* (Cooperative Savings) for conventional financing.

Furthermore, the Government launched the Strategic Initiatives Hawkers and Petty Traders Development 2015-2020 plan which will benefit over one million hawkers and petty traders nationwide. The plan which is based on four strategies, namely reinforcing the ecosystem, strengthening competitiveness, developing human capital, and financial sustainability, aims to ensure an orderly and structured development of the sector. The Government will set up a better funding model to make certain a more effective distribution of the financial assistance to the hawkers and petty traders is in place, and that these initiatives serve as a stepping stone to modernise and develop the sector.

During 2014, the number of new business registrations and renewals increased by 0.9% and 2.8%, respectively, with the number of new business registrations being 332,723 compared to 329,895 in 2013 whilst the renewal of business registrations increased from 327,288 in 2013 to 336,497 in 2014. The marginal growth in new business registrations and renewals was supported by Malaysia’s stable economic conditions coupled with favourable government initiatives. As at the end of 2014, the total number of businesses registered stood at 5,634,101 (2013: 5,301,378).

Number of New Business Registrations and Renewals in 2013 and 2014 are shown below

Activities	2014	2013	Increase (%)
New Registration	332,723	329,895	0.9%
Renewal	336,497	327,288	2.8%



INCORPORATION OF COMPANIES

The global economy grew at a modest pace of 2.6% with a 0.1% increase in growth over the previous year's growth. However, despite adverse external shocks, the lingering effects of the global financial crisis and a sharp decline in oil prices in 2014, the Malaysian economy performed exceptionally well last year, registering a growth of 6% in 2014 (2013: 4.7%).

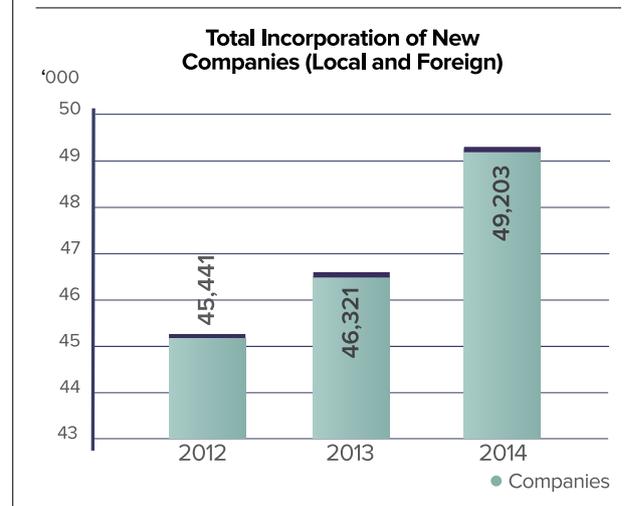
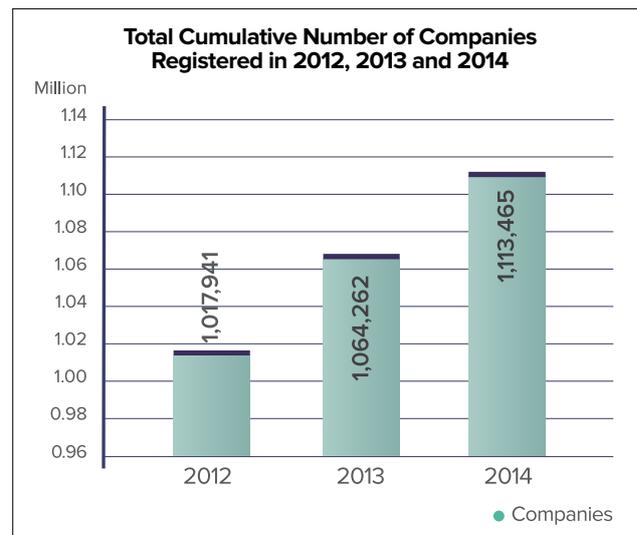
The robust growth was supported by resilient domestic demand and strengthened by a strong recovery in exports. The positive economic achievement was reinforced by strong macroeconomic fundamentals and a diversified economic structure as well as a sound financial system. Economic stimuli were put in place to ensure that the economy continued to sustain its strong growth momentum, strengthen public finances, enhance human capital, and intensify urban and rural development. Several strategies, programmes and projects were carried out with the areas of focus being to revitalise economic activities in the services sector, draw investments into the regional growth corridors such as Iskandar Malaysia, Northern Corridor Development Project under the Northern Corridor Economic Region (NCER), the East Coast Development Project under the East Coast Economic Region (ECER), Sabah Development Project under the Sabah Development Corridor (SDC) and Project Development Central Sarawak under the Sarawak Corridor of Renewable Energy (SCORE)] and develop small and medium enterprises (SME). To encourage the SMEs to move upscale in the value chain through productivity enhancement measures, a sum of RM110 million was allocated under the Soft Loans for SMEs Programme and Lean Transformation Programme. This programme provided SMEs with techniques and practical approaches to reduce cost and increase productivity. Besides development initiatives, training funds were allocated for specialised industries such as creative multimedia, tourism, robotics, machinery and manufacturing.

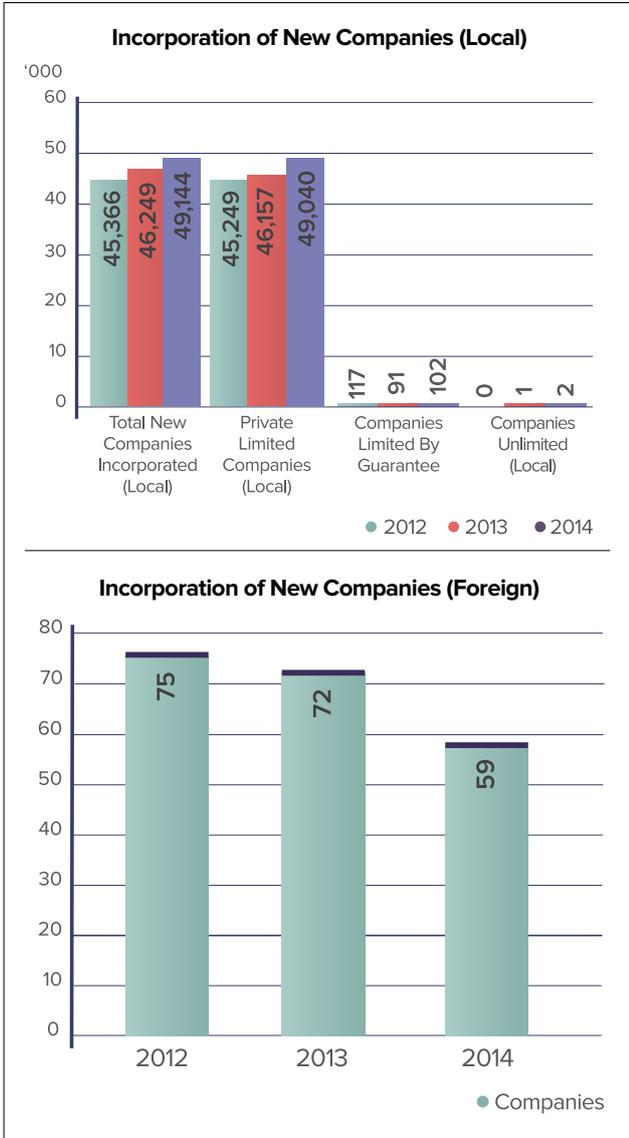
In addition, various initiatives such as the on-going implementation of programmes and projects under the Tenth Malaysia Plan (10MP) together with the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) have resulted in significant economic gains resulting in a commendable increase in the number of companies incorporated during 2014.

The number of companies incorporated in 2014 was 49,203 (2013: 46,321) with 49,144 local (2013: 46,249) and 59 foreign companies (2013: 72). This represented an increase of 6.2% of the total number of companies incorporated in the previous year. Of the incorporation of foreign companies, a total of 59 foreign companies were incorporated in 2014, a decrease of 18.1% over the previous year.

Number of Newly Incorporated Companies (Local and Foreign) from 2012 to 2014

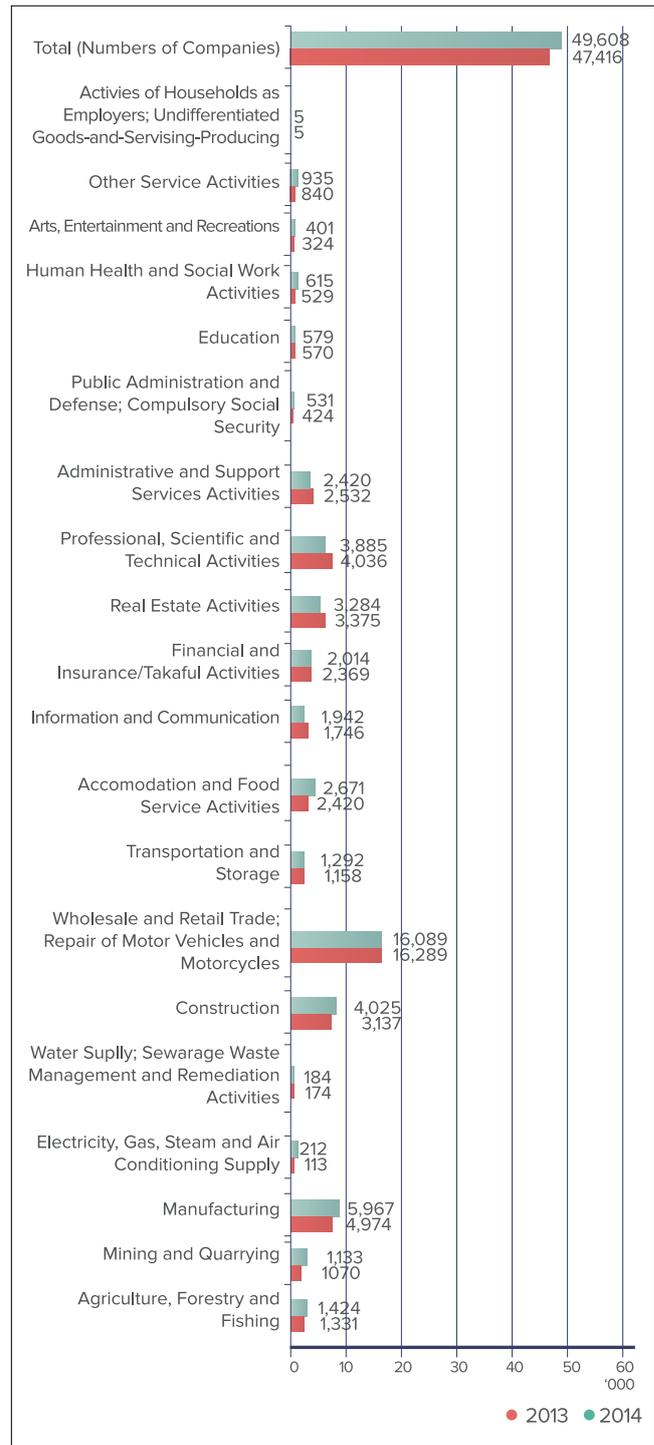
Year	2014	2013	2012
Local Companies Incorporated	49,144	46,249	45,366
Foreign Companies Registered	59	72	75





INCORPORATION OF COMPANIES BASED ON SECTORS

Companies Incorporated According to Business Category based on Malaysia Standard Industrial Classification 2008 (MSIC 2008) for 2014



Services Sector

In 2014 the services sector remained a major contributor to the national economy, with a growth of 6.3% (2013: 5.9%). However, the total number of companies in this sector has remained relatively unchanged with a marginal decrease of 0.4% to 27,514 (2013: 27,609).

The services sector comprises education (579), real estate activities (3,284), financial activities and insurance/takaful (2,014), information and communication (1,942), accommodation and food service activities (2,671), wholesale and retail trade, repair of motor vehicles and motorcycles (16,089), and other service activities (935).

Visit Malaysia Year 2014 was projected to attract 28 million tourists. Several domestic and international promotional programmes were undertaken such as the Formula 1 Petronas Grand Prix, Rainforest World Music Festival, Red Bull Air Race 2014 World Championship, KL International Tattoo 2014, World Kite Festival, 2014 FIA Formula E Race, and Malaysia Year-End Sale. Despite all these activities, the services income deficit in the current account had widened, driven by lower net travel receipts and higher net transportation payments. Three high-profile aviation incidents played a contributing role in the lower tourist arrivals during the year, while higher outbound travel was observed during the same period, thus contributing to the decrease in net travel receipts. Hence growth in this sector remained unchanged in 2014.

In 2015, the services sector is projected to remain as one of the largest contributors to growth. It is projected to achieve at least 58% of the Gross Domestic Product (GDP) by 2020 which will be driven by the Services Sector Blueprint. Growth in consumption-related activities such as retail trade, accommodation and restaurants will be supported by household spending. Higher tourist arrivals are envisaged, in conjunction with the 'Malaysia - Year of Festivals 2015' tourism promotion further supporting growth. The communication sub-sector will continue to register robust growth, driven by strong demand for data services amidst higher usage of mobile devices, particularly smartphones.

The services and primary income deficits are expected to improve on account of higher net travel receipts and improved earnings of Malaysian companies investing abroad. The continued expansion in trade-related activity will support growth in production-related services such

as wholesale, transport and storage. In the finance and insurance sub-sector, growth is projected to be sustained, supported by stable demand for financing, particularly from businesses, and higher fee income from capital market activity.

Agricultural Sector

Overall, in 2014, the Agricultural Sector in Malaysia recorded a stronger growth of 2.6% (2013: 2.1%). Hence, the number of companies incorporated in this sector increased to 1,424 this year (2013: 1,331). This led to an increase of 6.9% driven by higher crude palm oil production. In contrast, rubber output was lower. Livestock and other agriculture, namely fruits and vegetables, also recorded positive growth following Government measures to increase food production, enhance food security and reduce the food import bill. Initiatives such as the establishment of the Food and Agro Council for Export (FACE) are expected to boost exports and output of fruits. In addition, the setting-up of a fisherman's market and Kedai Rakyat Agrobazaar have contributed to higher production of food. Additionally, the output of this sector is expected to increase, supported by growing domestic and external demand, as well as favourable weather conditions.

Mining Sector

The number of companies incorporated in this sector increased to 1,133 in 2014 (2013: 1,070). There was an increase of 5.8% for new incorporation of companies in this sector in tandem with the 3.1% (2013: 7%) growth recorded for the Malaysian economy in 2014. This was driven by increased production of crude oil and natural gas, primarily in the second half of this year as well as the coming on stream of production from new oil fields in Sabah.

The mining sector expanded in 2014 backed by higher production of natural gas amid moderate output of crude oil. Output of crude oil expanded by 4% in the second quarter driven by production enhancement efforts, and the commencement of production from new oil fields. For 2015, production of crude oil is expected to increase following the completion of Gumusut-Kakap Deepwater Development Field. With oil production now under way since the fourth quarter of 2014, work on the gas injection facilities is continuing with an expected start-up in 2015. Meanwhile, the Keabangan field, which is located off

the coast of Kota Kinabalu, Sabah, is expected to come on stream towards the end of 2014. At the same time, the commencement of Sabah O&G Terminal will further expedite the production and export of O&G paving the way for further growth in this sector in 2015.

Construction Sector

The construction sector registered a favourable growth rate of 11.6% during the year (2013: 10.9%) owing mainly to stronger growth in both the residential and non-residential sub-sectors, with further support from the infrastructure projects under the civil-engineering sub-sector.

The rapid growth in the residential sub-sector was attributed to continued progress in high-end housing projects in Johor, Klang Valley and Penang, whilst construction activities in the non-residential sub-sector were supported by commercial and industrial projects. The civil engineering sub-sector provided further support to the sector, underpinned by existing and new infrastructure projects.

The private sector contributed 71.4% to the total value of construction works. Meanwhile, the higher construction activity was led by the residential and non-residential subsectors. Growth in the civil engineering subsector slowed down following the completion of some major projects, such as Kuala Lumpur International Airport (KLIA) 2, Second Penang Bridge and Manjung coal power plant.

On-going civil engineering projects, particularly O&G related activities and expansion of electricity power stations and transmission lines, will contribute significantly to the civil engineering subsector. These include the development of the Floating Liquefied Natural Gas 1 (FLNG 1) project and Sabah Ammonia - Urea Plant (SAMUR) projects and electricity power plants in Manjung and Seberang Prai. Besides, projects such as the on-going MY Rapid Transit (MRT) Line 1 project and light rail transit (LRT) extension, clean water supply and electrification expansion projects to rural areas especially in Sabah and Sarawak as well as expansion of the Kuantan Port, extension of Damansara to Ulu Klang Expressway (DUKE) and construction of West Coast Expressway and Central Spine Road from Bentong to Kuala Krai will boost growth in those sub-sectors. Hence, there was an increase to 4,025 companies (2013: 3,137) reflecting a 28.3% increase in the number of companies incorporated under this sector.

Manufacturing Sector

In 2014, the manufacturing sector expanded significantly, registering the highest growth in three (3) years with 6.2% growth driven by higher global semiconductor sales. The manufacturing sector is expected to continue to expand at a quicker pace on higher exports of electronics and electrical (E&E) products as external demand improves. Sales and exports of personal computers (PC) and related parts have rebounded, sustained by improved global demand and declining inventory holding costs. The number of companies incorporated in the manufacturing sector increased by 19.9% in 2014. A total of 5,967 companies were incorporated in this sector during the year (2013: 4,974).

The strong performance in the sector was underpinned by higher output from both export and domestic consumption industries. The industries serving the domestic markets included: transport equipment and food and beverage. The export industries included electric and electronic products, textiles, clothing, leather products and footwear.

LIMITED LIABILITY PARTNERSHIP

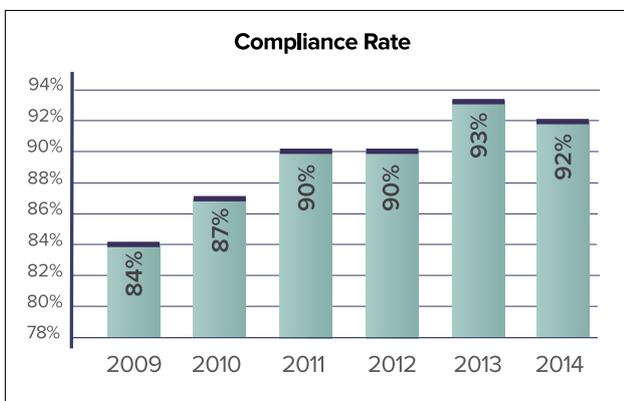
The Limited Liability Partnerships Act 2012 came into force in February 2013 and as at 31 December 2014, the number of limited liability partnerships (LLP) registered were 3,744. From the total number, 90 new LLP registrations were the result of conversion from partnerships based on Business Registration Act 1956 (ROBA 1956), whilst 29 LLPs were converted from companies incorporated under the Companies Act 1965 (CA 1965). Registration of LLPs is expected to increase due to the unique characteristic of a LLP where certain elements from a conventional partnership and a limited liability company are incorporated into a LLP.

COMPLIANCE RATE

Over the years, the concept of 'balanced enforcement' has been carried out effectively, evidenced by the steady rise in compliance rates each year. Compliance rates have gradually increased over the last five (5) years from 84% in 2009 to 93% in 2013. The 2014 rate of 92% was measured from submissions of annual returns together with audited accounts during the year, whilst the compliance rate for 2013 was computed based on

lodgments with SSM during the year as well as those lodged outside the required timeframe in compliance with section 165 of the CA 1965. In essence, 92% of the companies in Malaysia had complied with Sections 143 and 169 of the CA 1965 in terms of submission of the annual returns concurrently with their audited accounts in 2014. Section 143 requires the company to hold an annual general meeting once in every calendar year and section 169 requires the directors to lay before the company the audited financial statements, directors' report and other required documents at its annual general meeting.

The increased compliance rates reflect the effect of the various initiatives carried out by SSM over the years, namely the issuance of various practice notes coupled with the activities carried out to increase awareness amongst company directors on adopting corporate responsibility and corporate governance for accountability and transparency. The timely submission of annual returns coupled with financial statements is crucial as SSM needs to have up-to-date information for government agencies and stakeholders to implement effective economic policies and strategies. It is also important for company's stakeholders such as shareholders, investors, bankers and financial institutions to have the latest financial and corporate information in making sound business decisions, attracting investment, loans, and strategic planning. As SSM is one of the main sources of corporate information in Malaysia for local and foreign investors, it bodes well for SSM as the corporate registrar.



INTEREST SCHEME

In 2014, seven (7) applications were received to operate an interest scheme with four (4) schemes being processed and three (3) being approved. The three (3) approved schemes fell into the following categories: Equipment Scheme, Memorial Park Scheme, and Golf and Recreational Club. The fourth application to operate a scheme under the Recreational Club category is still being processed. However, the application for the Golf and Recreational Club category scheme which was approved, is still in the process of complying with the terms and conditions of the approval.

During the year, SSM rejected three (3) applications to set up schemes under the categories of Memorial Park (2 applications) and Timesharing Scheme (1 application) due to failure of the applicants to comply with the terms and conditions for an interest scheme and/or after taking into consideration public interest.

As at 31 December 2014, the number of registered interest schemes had increased to 195 schemes.

Registration of Different Types of Interest Schemes from 2012 to 2014 :

No.	Categories	2014	2013	2012
1	Golf & Recreational Club	71	71	71
2	Golf & Recreational Club (members are shareholders)	19	19	19
3	Recreational Club	34	34	34
4	Recreational Club (members are shareholders)	3	3	3
5	Timesharing	27	27	27
6	Marina	9	9	9
7	Memorial Park	9	8	5
8	Share Farming Scheme	10	10	9
9	Equipment Scheme	3	2	2
10	Property Scheme	10	10	8
Total		195	193	187

DELIVERY OF CORPORATE INFORMATION

As the corporate environment becomes more intricate, it is imperative that SSM's stakeholders receive timely

and accurate corporate information. Therefore, timely submissions of annual returns and corporate information will keep the corporate information current and reliable. During the year, income increased by 9% to RM24 million (2013: RM22million), which included income from the supply of information via Company & Business Information Data (CBID), e-Info and electronic Idaman System. The increase in revenue is a clear indication that business communities increasingly depend on SSM for corporate information which is reliable, relevant and timely.

WINDING-UP AND STRIKING-OFF OF COMPANIES

In 2014, there was a 32.4% decrease in the number of companies wound up with 1,744 companies affected (2013:2,581). A total of 1,607 companies were affected through voluntary action by members and creditors, whilst the rest were wound up by court order.

Meanwhile, the number of companies dissolved by the deregistration process increased from 23,849 in 2013 to 29,180 in 2014, representing an increase of 22.4%. A total of 9,522 applications for striking off were submitted voluntarily while the rest were initiated by the Registrar to remove companies that were dormant in the register. SSM's continued efforts in creating awareness amongst corporate directors to strike-off dormant companies has borne results with the increase in the number of companies being struck off. This had the effect of improving the compliance rate.

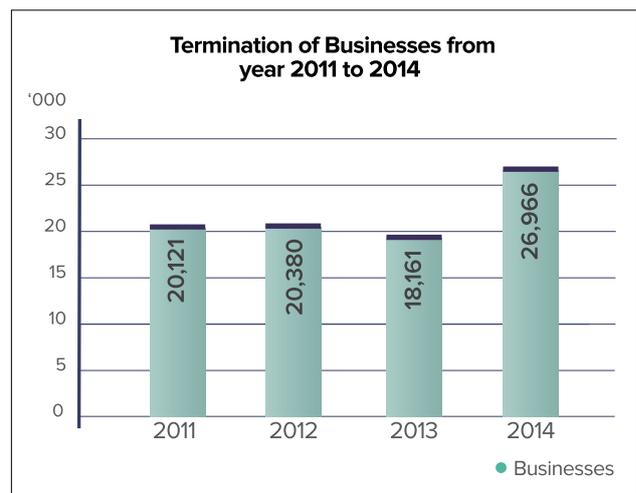
Year	2014	2013	2012
Companies Wound Up	1,744	2,581	2,419
Companies Struck Off (Section 308)	29,180	23,849	14,673

TERMINATION OF BUSINESS

The number of businesses terminated in 2014 increased by 48.5% to 26,966 (2013: 18,161). Statistical data showed that the average number of businesses terminated in each year for the past three (3) years stood at 21,800 (2013: 19,554), which shows a marginal variation in the number of small businesses that were terminated.

Many reasons can be offered for the increase in the number of businesses terminated. The unemployment rate for 2013 was 3.1%, whilst in 2014, the rate was estimated to be 2.7%. Many workers may have ventured into small businesses on a temporary basis during 2013 and when the economy improved in 2014, they may have ceased their businesses upon securing new employment. Some entrepreneurs had changed their nature of business to other business activities as more new business opportunities arose when the economic growth rate improved in 2014. In addition, various measures have been undertaken by the Government during the past year such as improving access to finance, skills training and advisory services; organising the 4th Global Entrepreneurship Summit (GES), which gathered world leaders, global entrepreneurs and distinguished speakers, to share knowledge and experience on entrepreneurship; establishing the Malaysian Global Innovation & Creativity Centre (MaGIC); and initiating the 1Malaysia Entrepreneur (1MeT) and the Graduate Entrepreneurship programmes to encourage the participation of entrepreneurs in businesses on a larger scale.

Furthermore, various education and awareness programmes conducted by SSM nationwide had resulted in more business owners notifying SSM of the termination of their businesses in compliance with the requirements of the Registration of Businesses Act 1956.



MANAGEMENT REPORTS



SERVICE

DELIVERY

The unpredictable nature of political, societal and economic developments has a bearing on the way governments around the world manage economic growth. Despite these challenging conditions, SSM assures its stakeholders that it can deliver what is expected of a regulatory body, namely ensuring a conducive economic environment, comprehensive corporate legislation, balanced enforcement and economic vitality, in a manner befitting its role as a world class registrar. This is the vision of public service for the future and bringing together all of these for the benefit of its stakeholders is a major component of SSM's service deliverables. Despite constraints, and amidst challenges, SSM continues to stride forward using every tool it has at its disposal to achieve transformation and innovation.

The challenge for SSM is to strike a balance between the desire to deliver better public services outcomes and managing the rising costs of doing business. Transformation and innovation will propel SSM to the next level and shift the thinking about what really matters to stakeholders. This will also shift the approaches for delivery to achieve increased public service productivity. It is time to think radically by deploying a new generation of processes and tools to build public services of the future by leveraging on what SSM has already instituted. Newer and better methods of service delivery have to be innovated.

However, given the far-reaching nature of change required, this bold attempt to shift has its own practical issues. A positive approach for public service delivery can only be achieved through transformation of old ideas and ways of working and initiating structural shifts in how outcomes are shaped and delivered. Transformation and structural shift then can be enacted through delivery of new service models and significant reductions in the cost of doing business.

CLIENT CHARTER

The Client Charter of Registration measures the transaction process and provides assurance to the client once his or her document is pre-lodged with payment received over the counter. It includes all processes related to New Business Registration, Renewal of Business Registration, Change of Business Information, Termination of Business and any process involving approval and issuance of a certificate relating to the company. SSM has set a target of 99% for fulfilling all Client Charter measures.

SSM's Client Charter is measured based on performance in two (2) categories: Business Client Charter which consists of New Business Registration, Business Registration Renewals, Registration in Changes of Particulars and Termination and Company Client Charter which comprises Company Name Search, Incorporation, Charges and Change of Name and Status.

The table below illustrates SSM's client charter achievements for the year 2014.

Business Client Charter Performance for 2014

	Forms	Client Charter	Percentage (%)
1	New Business Registration (Form A)	1 Hour	99.14%
2	Renewal of Business Registration (Form A1)	15 Minutes	99.74%
3	Change of Business Registration (Form B)	1 Hour	98.57%
4	Termination of Registration of Business (Form C)	15 Minutes	98.74%

Note : Client Charter turn-around time is calculated starting from the time the documents are pre-lodged and payment received at the counter to the time result/certificate is issued.

During the year, a total of 332,723 transactions for new business registration and a total of 338,141 transactions for renewal of business registration were recorded. As for changes in business registration details, 196,209 transactions were recorded while a total of 26,966 transactions for termination of business were recorded.

SSM periodically reviews the Client Charter through continuous monitoring of services provided to the clients by shortening the waiting period. The Organisation Transformation Programme (OTP) which will be implemented by SSM in due course has the objective of improving SSM's operational excellence towards its stakeholders. This will include a more rapid response time and easier accessibility to SSM's services in the future. As at December 2014, SSM achieved the targetted Client Charter for companies except for Approval of Company Name (Form 13A), Certificate of Starting A Business for Public Companies (Form 18) and Change of Status [Form 11].

Companies Client Charter Performance for 2014

Forms		Client Charter	Percentage (%)
1.	Incorporation of A New Company (Form 6)	1 Day	99.65%
2.	Approval of Company Name (Form 13A)	1 Day	99.00%
3.	Certificate of starting a business for Public Companies (Form 18)	1 Day	98.33%
4.	Change of Company Name (Form 11)	1 Day	99.70%
5.	Change of Status	1 Day	97.92%
6.	Registration of Charge (Form 34)	2 Days	99.64%
7.	Approval of The Deed of Trust	5 Days	100.00%
8.	Registration of Prospectus	3 Days	100.00%

Note : Client Charter turn-around time is calculated starting from the time the documents are pre-lodged and payment received at the counter to the time result/certificate is issued.

INCENTIVE PACKAGE FOR DISABLED (OKU)

Introduced on 23 October 2012, the Incentive Package for the Disabled (OKU) was continued in 2014 with the aim of encouraging involvement of OKU in business to increase their income. This package can be enjoyed by people with disabilities who possess a disability registration card from the Social Welfare Department. In the year 2014, there were 2,485 transactions worth RM130,200 related to registering and renewing business under ROBA 1956 for the disabled persons.

REGISTRATION OF LIMITED LIABILITY PARTNERSHIPS (LLP)

The Limited Liability Partnerships Act 2012 (LLP) came into force in February 2013. As of 31 December 2014, the number of limited liability partnerships registered was 3,744. New LLP registrations for a change in the partnership business under the ROBA 1956 numbered 90 while 29 LLP registrations related to the conversion of companies registered under the Companies Act 1965 (CA 1965).

Of the total of 3,744 LLP registrations, 2,304 LLP were registered in the year 2014, representing an increase of 60% from the previous year. The number of LLP registrations is expected to increase in the future in view of the characteristics of the LLP which provide for greater convenience and and cost-effectiveness compared to the incorporation of a company.

Transactions	2014	2013
New registration of LLP	2,263	1,362
Conversion of conventional partnership to a limited liability partnership	35	55
Conversion of a private company to a limited liability partnership	6	23
Total	2,304	1,440
Grand Total	3,744	

CORPORATE MANAGEMENT APPLICATIONS

A corporate application is an application made at SSM pursuant to the provisions under the CA 1965. The nature of the applications received are listed in the table below followed by explanatory notes for each application.

Type of Corporate Application Received

Types Of Application		Number Of Application		
		2014	2013	2012
1.	Application for extension of time	592	603	767
2.	Application proxy	1	1	2
3.	Application to obtain the flexibility to exclude some of the needs of the account.	179	172	156
4.	Application for exemption for foreign companies to lodge the account in Malaysia.	66	59	18
5.	Lodgement fee of initial public offerings, abridged prospectus and other supporting documents.	603	485	631
6.	The company's Quarterly Borrowings Report lodgement by the directors of the company.	155	145	175
Total		1,596	1,465	1,749

- Application for an extension of time to hold Annual General Meeting (AGM) and also an extension to present the financial statements. Each type of application requires a payment of RM100.
- The application for a proxy is a request to appoint a proxy other than those provided for by CA 1965 and the Memorandum and Articles. This application requires a payment of RM120.
- Application of relief from the need to display contents of financial statements, such as a list of option schemes, option scheme holding shares of substantial directors, statement of subsidiaries of parent company and other relief. This application requires a payment of RM120.
- Application for exemption from lodgement of financial statements for branches of foreign companies in Malaysia. This application requires a payment of RM120.
- Lodgement of public offer prospectus, prospectus of offer rights, term sheets or warrants subsequent to registering with the Securities Commission (SC). A payment fee of RM500 is required.
- Lodgement of quarterly reports by the borrowing company. A payment fee of RM100 is required.

COMPANY LIMITED BY GUARANTEE (CLBG)

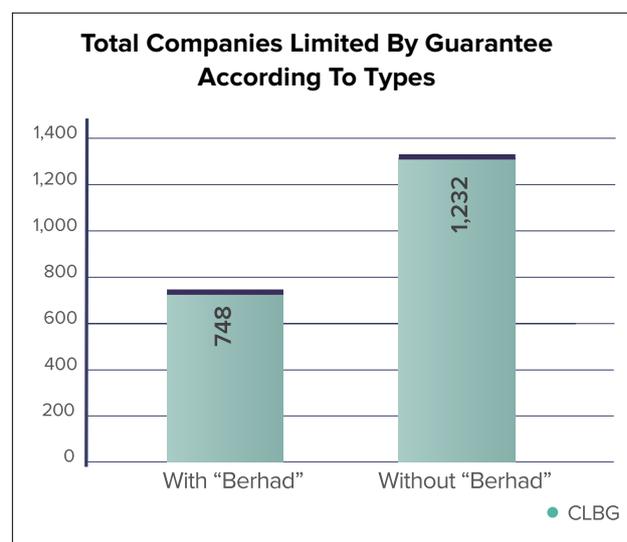
The year 2014 recorded a total of 1,980 incorporations of Company Limited by Guarantee (CLBG). Of this total, 1,232 CLBGs were not limited companies while 748 CLBGs were limited companies. There are 470 applications received in 2014 (2013:430) for various transactions related to CLBG.

Incorporation of procedures for CLBGs which are limited companies and those which are not limited is based on a checklist of CLBGs issued dated 7 January 2011.

The application fee for the Minister's approval to use a gazetted name such as "Foundation" is RM450 while the fee for non gazetted names is RM300.

On approval of an application, the applicant is charged a fee of RM1,000 to obtain the Certificate of Incorporation (Form 8) and a License under section 24 (1) CA 1965 (Form 15). The Conditions of License is issued jointly under section 24(3) CA 1965.

The terms and conditions of a license obtained prior to approval by the Minister include amendments to the Memorandum and Articles of Association, appointment of directors, donations, pledges, lease and sale of land or property.



Number of CLBG Applications by Category

Types Of Application		The Number Of Applications		
		2014	2013	2012
1.	Application for incorporating an unlimited CLBG (without the word 'Berhad')	83	73	79
2.	Application for incorporating a limited CLBG (with the word 'Berhad')	50	50	47
3.	Application to omit the word 'Berhad'	3	4	3
4.	Application to own and sell land	55	26	56
5.	Application for appointment of Directors	211	211	213
6.	Application for contributions	5	6	3
7.	Application for amendment to Memorandum & Articles	63	60	52
Total		470	430	453

MALAYSIA CORPORATE IDENTITY (MyCoID)

MyCoID, an online incorporation system, was made mandatory for all incorporations done at SSM's headquarters in Kuala Lumpur and the Seremban and Shah Alam offices on 16 May 2013. It resulted in positive feedback as the name search process and incorporation of company name could be done within

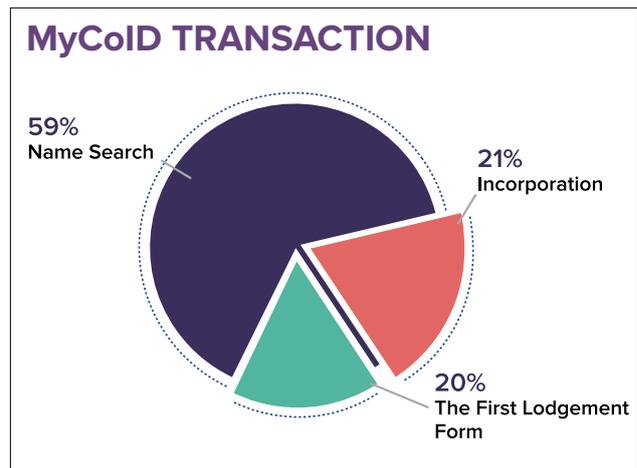
a shorter period and the company's incorporation documents could be electronically filed into the system without the need for scanning the documents which requires additional time and resources.

In 2014, the incorporation of companies through MyCoID system was expanded to cover the entire nation and implemented in stages, as shown in the chart.



With the mandatory implementation of MyCoID, name search applications and registration of companies through service counters were no longer available. Service counters only offer the following services:

- (a) Registration of foreign company;
- (b) Incorporation of a Company Limited by Guarantee (CLBG);
- (c) Company incorporation with Corporations as Contributors/Founder;
- (d) Change of Company Status;
- (e) Change of Company Name;
- (f) Commencement of Business for Public Companies;
- (g) Application for the Approval of The Minister;
- (h) Query for name search and Incorporation of e-Lodgement; and
- (i) Application for incorporation of companies using Tender Number



With the implementation of MyCoID, SSM saw a sharp increase in name search applications and incorporation of companies. In 2014, SSM registered 33,728 companies through MyCoID reflecting an increase of 93.2% compared to the year 2013.

Transaction		2014	2013
1.	Name Search	95,393	42,767
2.	Incorporation	33,728	17,458
3.	The First Lodgement Form	31,493	16,705
Total		160,614	76,930

The implementation of MyCoID is one of the many initiatives undertaken by SSM to ensure Malaysia achieves a better ranking in the indicator for starting a business for year 2014. Also, its implementation is in line with the objective of enhancing usage of online services.

E-LODGEMENT SERVICE

Business e-Lodgement Transactions

In the year 2014, e-Lodgement transactions for business recorded 67,996 compared to 67,383 transactions in 2013 reflecting an increase of 0.9% over the previous year. Registration of new business remained high for business registration services despite a slight decrease year on year. Overall, all transactions except for New Registration and Change of Business Information showed an increase.

Business e-Lodgement Transactions		2014	2013	2012
1.	Name Search	40,254	38,182	50,822
2.	New Registration	20,350	22,123	26,929
3.	Renewal	1,644	1,420	5,632
4.	Change of Business Information	3,925	4,097	5,385
5.	Termination	1,823	1,561	2,085
Total		67,996	67,383	90,853

Company e-Lodgement Transactions

In the year 2014, various system upgrades of e-Lodgement system contributed to a decline in total transaction services from 11,230 in 2013 to 5,999 in 2014. The situation is expected to recover after the ongoing e-Lodgement system upgrades has been completed in 2015.

Company e-Lodgement Transactions		2014	2013
1.	Application of Name Search	2,261	7,454
2.	Application for Incorporation of a Local Company	10	284
3.	Lodgement of forms 24, 44 and 49 after incorporation	111	312
4.	Annual Statement & Certificate Exempt Private Company	170	129
5.	Annual Statements Of Account	1,153	1,075
6.	Form 44 (<i>Notice of Situation of Registered Office and of Office Hours and Particulars of Changes</i>)	999	513
7.	Form 53 (<i>Notice of Place Where Register of Members and Index Kept, or of Change in That Place</i>)	15	50
8.	Form 24 (<i>Return of Allotment of Shares</i>)	151	157
9.	Form 11 (<i>Notice of Resolution</i>)	36	122
10.	Form 49 (<i>Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes of Particulars</i>)	1,076	1,053
11.	Form 48B (<i>Application for Company Secretary's License</i>)	4	73
12.	Form 48C (<i>Application for Renewal of Company Secretary's License</i>)	13	8
Total		5,999	11,230

INTEREST SCHEMES

In the year 2014, seven (7) applications for registration of new schemes were received, of which, three (3) schemes were approved. Of the three (3) approved schemes, two (2) were registered as equipment sharing scheme and a memorial park scheme. The registration of the remaining approved scheme (a golf and recreational scheme) was still underway pending full compliance of approval conditions. One other application received at the end of 2014 is still under consideration. As at 31 December 2014, the number of registered interest schemes increased to 195.

The three (3) other applications, namely two (2) memorial park schemes and one timeshare scheme, were rejected as they did not comply with registration requirements and/or were rejected on the grounds of being prejudicial to public interest.

Overall about 65.1% of the total registered schemes are golf and recreational clubs followed by a distant 13.8% of timeshare schemes. Registration of Memorial Park

schemes increased by 12.5% to nine (9) while registration of equipment sharing schemes increased by 50% to three (3). The overall value of the registered interest schemes for 2014 is RM 17.41 billion.

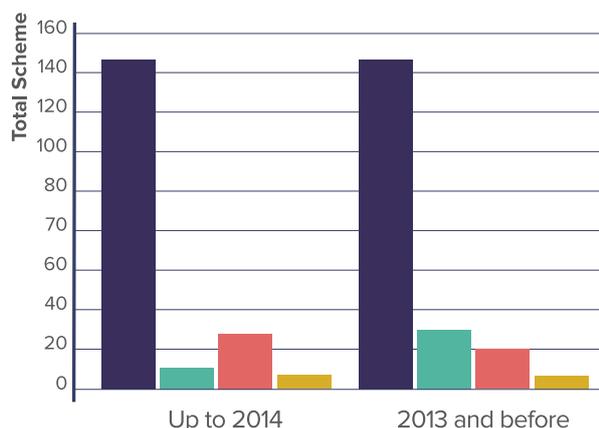
Categories Of Interest Schemes

No.	Categories	2014	2013	2012
1	Golf & Recreational Club	71	71	71
2	Golf & Recreational Club (members are shareholders)	19	19	19
3	Recreational Club	34	34	34
4	Recreational Club (members are shareholders)	3	3	3
5	Timesharing	27	27	27
6	Marina	9	9	9
7	Memorial Park	9	8	5
8	Share Farming Scheme	10	10	9
9	Equipment Scheme	3	2	2
10	Property Scheme	10	10	8
Total		195	193	187

TERMINATION OF REGISTERED INTEREST SCHEMES

SSM has taken proactive and structured approaches to regulate orderly closures of schemes such as those that have long been inactive but yet to be properly terminated, problematic schemes which can no longer continue or no longer profitable or schemes which are suffering heavy losses. SSM plays a vital role in ensuring that management companies or trustees take the necessary steps to bring about orderly closure in compliance with the law. Between January and December 2014, a total of nine (9) schemes were duly terminated while the termination of eight (8) other schemes is underway.

Interest Scheme Status



Interest Scheme Status	Up to 2014	2013 and before
Active	148	146
Inactive	10	22
Terminated	29	20
Termination in progress	8	5

WINDING-UP AND STRIKING-OFF OF COMPANIES

The year 2014 recorded a 32.42% decline in the number of companies being wound up or a total of 1,744 companies compared to 2,581 in 2013. From the number, a total of 1,560 companies went through voluntary winding-up by members and creditors, while the rest were wound-up by court order.

The number of companies dissolved through striking-off increased from 23,849 in 2013 to 29,173 in 2014, or an increase of 22.32%. A total of 9,522 striking-off applications were received from companies while the rest were the result of SSM's efforts to strike-off company names that have long being dormant in its registry.

Winding-up Transactions

Winding-up Transactions		2014	2013	2012
1.	The company dissolved through winding-up	1,744	2,581	2,419
2.	The company dissolved through strike-off the name	29,173	23,849	14,673

SSM expects an increase in applications for striking-off and winding-up of companies in 2015. Although 2014 experienced a downward trend in applications, economic instability, depreciation of the *ringgit* and natural disasters, the number of applications could increase in 2015. This number may become even more significant as SSM continues to update its database.

Of the 74 applications, the applications to the Registrar of Companies to act as representative of companies that have been dissolved under section 309 CA 1965 declined by 5.26%, from 19 applications in 2013 to 18 applications in 2014. Nonetheless, applications to vest outstanding assets to the Registrar (section 310 CA 1965) increased by 223.5% from 17 in 2013 to 55 assets in 2014.

ASSET MANAGEMENT OF DISSOLVED COMPANY

In the year 2014, the number of applications for Asset Management of Company by SSM increased by 100% from 37 in 2013 to 74 applications.

However, SSM only received one (1) application for the purchase of the assets vested in the Registrar during the year.

Categories of Application for the Management of Assets of Dissolved Companies

Categories		2014	2013	2012
1.	Applications to the Registrar of companies acting as a representative of the company that has been dissolved under section 309 CA 1965	18	19	10
2.	Assets vested to the Registrar of companies under section 310 CA 1965	55	17	74
3.	Application for the purchase of the assets vested under section 311 CA 1965	1	1	3
Total Applications		74	37	87

The increase in applications for asset management of dissolved companies in 2014 indicates stakeholder awareness among stakeholders of sections in the CA 1965 on a dissolved company's assets. Applications for dissolved company asset management in 2015 are anticipated to increase when SSM conduct awareness programs, in collaboration with government agencies, to enhance the knowledge of asset management of dissolved companies.

CHARGES

Registration of Charge is required under section 108(1) & 110(1) CA 1965. When a charge is created or a property subjected to a charge is acquired by a company, the company shall lodge with the Registrar within thirty (30) days after the creation or acquisition of the charge, a statement of the prescribed particulars. If this section is not complied with in relation to the charge, the charge shall, so far as any security on the company's property or undertaking is thereby conferred, be void against the liquidator and any creditor of the company.

Registration of charge is important as it acts as a notice to the public at large that the charge holder has an interest in the charged property.

Registration of Discharge of charge

Pursuant to section 113 CA 1965, in relation to the registered charges, if the charge has been satisfied or paid, the company shall lodge with the Registrar in the prescribed form that the charge has been satisfied or paid for.

Charges Transactions

Charges Transactions		2014	2013	2012
1.	Registration Of Charges	25,292	26,248	27,657
2.	Registration of Discharge of Charges	12,495	12,148	11,913

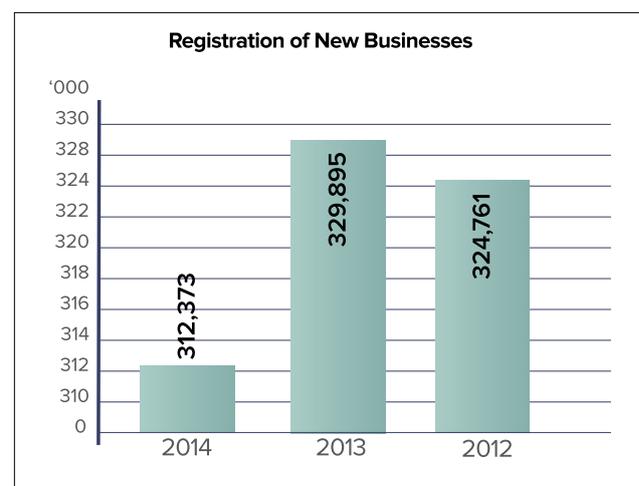
In year 2014, there were 25,292 Registration of Charges, a 3.64% reduction over the 26,248 registrations in 2013. The total number Registration of Discharge of Charges also showed an 2.8% increase, that is, from 12,495 in 2014 compared to 12,148 in 2013.

An online system for registration of discharge of charges is expected to be completed in 2015. The online process of Registration of Charges will improve the process more effectively and efficiently and is in accordance with the requirement of World Bank for loan facilities (getting credit).

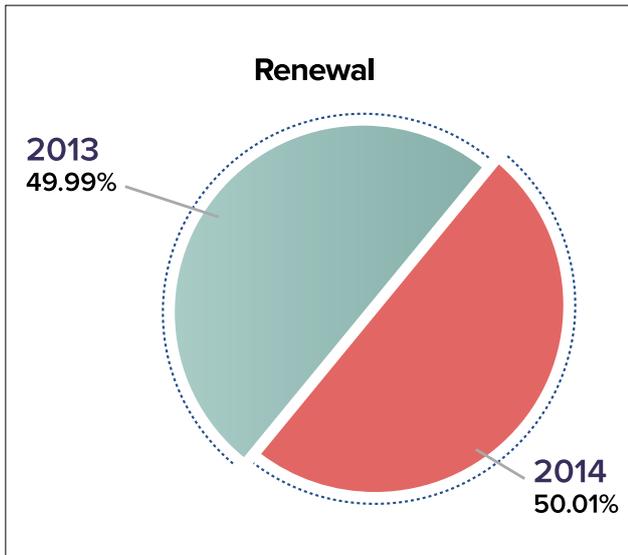
COUNTER SERVICES

Documents lodged through counters are recorded and converted to electronic form to facilitate the provision of company and business information to stakeholders electronically. Delivery of timely and accurate corporate information is significant for the stakeholders of SSM as the corporate environment has become increasingly more complex. Timely submission of annual returns and corporate information will keep the corporate information current and reliable.

Registration of new businesses in the year 2014 stood at 312,373, a decrease of -5.3% compared to new business registration in 2013. Despite the slight decline, business registration is still considered high when figures are compared from the time of establishment of SSM in 2002. This achievement can be attributed to incentives continued by the government under MDTCC such as the Micro-Credit Financing interest-free loan through Bank Rakyat and 1Malaysia Insurance Plan through Syarikat Takaful Ikhlas Sdn. Bhd. which was introduced by the government in 2013 for hawkers and small traders.



The year 2014 recorded a total of 336,497 renewal applications, a 2.8% increase compared to a total of 327,288 in the previous year. The year-to-year statistical comparison does not indicate the true progress contributed by the granting of incentive package renewal fee of RM50 within a 5-year period introduced in the period of June to December 2012 and which has benefited 702,365 hawkers and small traders.



Business Registration

Transaction	2014	2013	Increment
1 New Registration	312,373	329,895	-5.3%
2 Renewal	336,497	327,288	2.8%

E-INFO SERVICES

e-Info is a service that allows both the local and international business community to make an online search for information on Malaysian companies and businesses. An analysis of the revenue generated in comparison to the year 2013 indicates:

- (a) 8% increase in the total transactions in 2014;
- (b) 8% increase in the number of online purchase in 2014; and
- (c) 53% increase in e-Info international web page hits for 2014.

e-Info Service (Yearly Transactions)

2014	2013	2012
Transactions	Transactions	Transactions
1,704,762	1,579,812	1,462,783

e-Info Service (Take-up Rate)

Year	Online	Take-up Rate %	Kiosk	Take-up Rate %	Total Transactions
2014	1,363,810	80	340,952	20	1,704,762
2013	1,258,023	80	321,789	20	1,579,812
2012	1,161,662	79	301,121	21	1,462,783

There was a 53% increase in International visitors to the e-info website for 2014 compared to the year 2013. The table below shows the country of origin of visitors to e-info website in 2014, 2013 and 2012.

Country Of Origin And Number Of Visitors To E-Info (Website)

Country	2014	2013	2012
Singapore	26,904	21,821	19,467
Hong Kong	7,601	6,580	7,949
United Kingdom	4,297	3,379	3,985
United States	13,877	7,532	5,643
Australia	3,410	2,946	3,199
India	17,720	13,067	10,338
Japan	2,488	1,220	1,094
China	2,249	1,750	1,765
Philippines	2,363	2,236	2,230
Others	41,508	19,612	21,525
Total	122,417	80,143	77,195

Corporate and Business Information Data (CBID)

Year	Applications
2014	619
2013	552

The Corporate and Business Information Data (CBID) provides customer with detailed information on location and type of business, as well as financial information. The provision of accurate customisable corporate and business information data for analytical requirements helps fulfil customer expectations of SSM. In 2014, CBID transactions increased by 67 (12%) applications compared to 2013.

BUSINESS REGISTRATION MOBILE COUNTER (BRMC)

Business Registration Mobile Counter (BRMC) is an SSM initiative to reach out to the business community. It is an alternative channel and offers convenient access to SSM's business registration services without having to be present at the SSM office. The BRMC transactions have been made possible through cooperation and collaboration with agencies such as local councils, branch office of MDTCC and other agencies.

BRMC mobilises counter based transactions outside SSM's fixed premises, usually at strategic locations with high business-related activities such as at local council offices, market place, supermarkets and hypermarkets. BRMC offers onsite approvals for business registration and renewal. These mobilised counter operations are directly connected to SSM CBSROB system via 3G wireless internet connectivity.

Apart from serving the business community in a more flexible environment, BRMC also disseminates information and inculcates awareness amongst the business community and members of the public. Most of the locations where BRMC operates are hotspots for small businesses, petty traders and stall operators. Members of these groups of businesses generally have minimal understanding or awareness of the various aspects of acts administered by SSM.

BRMC activities by various states in 2014

States	Frequency	New Business Registrations	Changes in Particulars	Business Renewals
Kuala Lumpur	45	543	58	109
Labuan	3	4	0	4
Perlis	7	45	2	31
Terengganu	58	1,042	377	1,461
Melaka	49	487	377	511
Pahang	98	1,402	780	1,616
Negeri Sembilan	128	959	544	1,277
Kedah	202	4,825	2,245	5,001
Kelantan	88	1,345	483	1,681
Perak	93	2,693	1,718	2,939
Pulau Pinang	75	2,303	1,730	2,427
Selangor	32	393	134	157
Johor	178	4,520	2,263	5,130
Total	1,056	20,561	10,711	22,344

SSM Counter Services in the Ministry of Domestic Trade, Co-operatives & Consumerism (MDTCC)

Before the operations of the service counter in MDTCC commenced on 1 March 2011, SSM were providing similar services via its Business Registration Mobile Counter (BRMC). The primary aim of SSM counter service in MDTCC has been to provide registration of business services to its stakeholders in Putrajaya and the areas in near vicinity such as Dengkil, Kajang, Bangi, Puchong, Seri Kembangan, Sepang, Semenyih, Hulu Langat and Nilai.

The services provided at the counter in MDTCC are onsite approval of new business registrations, renewals and cancellation of business licences.

Since the commencement of services at the counter in MDTCC, the business community has been actively utilising the services in relation to business registration. There were 60,880 transactions carried out in 2014 (2013: 44,776) which represents a whopping 36% increase in the number of transactions. This shows the appreciation of

the business community of SSM's initiatives in simplifying the process of starting a business in Malaysia.

2014	2013
Transaction	Transaction
60,880	44,776

URBAN TRANSFORMATION CENTRE (UTC) – Kuala Lumpur, Melaka, Pahang dan Kedah

The Urban Transformation Centre has emerged as a favourite for government transactions going by the daily presence of visitors. In 2014, 84,562 visitors attended SSM's UTC Kuala Lumpur compared to 34,057 in 2013. The remarkable increase in visitor numbers is attributed to the highly efficient consumer service experience of multiple agencies operating under one roof. This high turnout of visitors was recorded not only at SSM, but also all the other agencies operating at UTC. Given its popularity, UTC, Kuala Lumpur is

prepared to offer a more efficient customer service to Malaysians.

The increase in visitors in the year 2014, contributed to a 94% increase in business registrations compared

to year 2013. Company registration numbers are expected to increase in 2015 based on increasing customer presence and government incentives to encourage doing business in Malaysia.

UTC	2014		2013	
	ROC	ROB	ROC	ROB
	Document	Document	Document	Document
Kuala Lumpur	7,919	107,509	10,063	55,259
Melaka	342	9,990	509	6,345
Kedah	-	13,880	-	3,116 (starting 23 July 2013)
Pahang	39	31,501	27	9,359

OTHER PRODUCTS

SSM provides multiple products for the business community and the general public. Some of these products are in response to customers' needs.

(a) Commemorative Certificates

For 2014, there were 82 applications for Sale of Commemorative Certificates for incorporations and registrations compared to 170 in the year 2013 .

Sales of Commemorative Certificates

Year	Business	Company	Transactions
2014	73	9	82
2013	155	15	170

(b) Incorporation Tender Number Sales

There were 46 applications for company Incorporation Tender Number for 2014 compared to 42 in the year 2013.

Company Incorporation Tender Number

Year	Transactions
2014	46
2013	42

SSM CONTACT CENTRE

Contact Centre usually refers to a 'central point' in any enterprise or corporation from which all customer contacts are managed. A contact centre can be defined as a coordinated system of people, processes, technologies and strategies that provides access to information, resources, and expertise, through appropriate channels of communication, enabling interactions that create value for the customer and organisation. Corporations that focus on providing an outstanding customer service experience ultimately reap the benefits – more loyalty, better acquisition and increased spending.

A successful contact centre is one that achieves its service delivery to the utmost level of optimisation. SSM's mission is to deliver positive, pragmatic and professional experience to customers with maximum customer care value in business and corporate registration, intelligence and solution.

SSM Contact Centre handles both voice and other communication channels. The voice channel is by inbound telephone calls while other channels are by inbound emails and facsimile. The voice channel supports both Bahasa Melayu and English enquiries.

Previously, SSM carried out customer management with SSM hotline operated by six (6) staff members only. However, in 2013, the SSM Contact Centre commenced operations with 15 dedicated Customer Service Professionals (CSP) monitored by one Team Leader. It rapidly took a leading role and revitalised

the traditional approach to customer experience management. The contact centre has emerged as the heart of the business and led to closer connections to clients especially our stakeholders. This contact structure serves as SSM's Front Liner and resolves first level enquiries.

Within the first year of the establishment of the Contact Centre monitoring of inbound channels saw a 50% increase from the previous years. Total incoming calls for the year 2014 were 98,142, an increase of about 21% compared to 81,051 in 2013. However, the volume of e-mails received saw only a slight increase, from 25,346 in 2013 to 25,751 in 2014.

A comparison of statistics from 2013 and 2014 showed an overall increase in all three (3) channels (calls, e-mail and fax). This not only indicates that the Contact Centre has been effective in responding to almost 98% of all calls from customers for both years but also increase its overall receiving channels. Ideally, this demonstrates a demand from the general public in reaching out to SSM personnel.

Internationally used service level practice of "80/20" which means 80% of calls answered in 20 seconds was met for the years 2013 and 2014. From the statistics given in the table below, it can be seen that there was an increase in calls and e-mails during peak periods with the implementation of the MyCoID system, beginning May 2013. Again, a sharp increase was recorded for November and December of 2014 with the extension of MyCoID to nine (9) other states namely, Pahang, Terengganu, Kelantan, Perak, Kedah, Pulau Pinang, Sabah and Sarawak. Together with all calls and enquiries pertaining to MyCoID registration handled by SSM Contact Centre in November 2014, total

number of e-mails and calls answered (< 20 seconds) saw an increase of 2% and 24% respectively. Implementation of MyCoID amplifies the increase in e-mails as an alternative communication tool for customers apart from the traditional mode of communication (telephone calls).

Voice channel is undoubtedly more popular and much preferred by customers. This makes it essential that SSM Contact Centre be staffed with knowledgeable and people with good interpersonal skills. Nonetheless, non voice channels are increasingly well-received by the corporate industry players. The overwhelming number of inbound e-mails shows its wide usage as a formal business tool in Malaysia. SSM has appointed three Single Point of Contact (SPOC) personnel from the Customer Service Unit to respond to customers who have e-mailed complex and technical cases through e-mail assisted by CSP.

The increasingly complex customer needs requires greater collaboration between the divisions within SSM and a better representation of customer service at the executive level in order to deliver a truly customer-centric service strategy. Contact Centres are assuming a more prominent role within enterprise-wide customer management strategies. Customer Contact Association (CCA) recommends that companies and corporate organisations need to better align the direction and decisions they make about customer experience between their top executives, marketing team and customer service professionals.

By transforming the Contact Centre to be the 'brand ambassador' SSM hopes to make customer advocacy the top priority

Contact Centre

CALL STATISTIC		2014	2013
INCOMING	Incoming Calls	98,142	81,051
	Calls Answered	97,455	79,924
	Calls Answered < 20 seconds	95,344	77,062
	Abandon Rate (%)	0.43%	1.00%
	Service Level (%)	97.41%	95.45%
E-MAIL STATISTICS			
E-MAIL	E-mail Received	25,751	25,346
	On Time Respond (< 4 hrs) %	98.83%	99.60%
FACSIMILE STATISTICS			
FACSIMILE	Fax Received	501	285
	On Time Respond (< 4 hrs) %	96.21%	96.31%

NEW INITIATIVES

In line with its commitment for quality and efficient services, SSM has taken the first step towards the implementation and certification of ISO 9001: 2008. In collaboration with SIRIM Berhad, SSM provides document management which consists of a Quality Manual, quality procedures and relevant supporting documents such as circulars, orders, rules and guidelines for registration forms and other documents. On 26 September 2014, SSM was awarded MS ISO 9001: 2008 certification from SIRIM Berhad for

the major process of business registration in SSM headquarters.

On 1 April 2014, SSM introduced a new convenient registration system which only requires a maximum of two (2) pages compared to the previous form which required a minimum of four (4) pages for new registrations and eight (8) pages minimum for change in business information. The new registration form is envisaged to save client's time as it is downloadable from the SSM website and filled out prior to visiting SSM.



ENFORCEMENT INITIATIVES

ENFORCEMENT INITIATIVES

Given the international business community's confidence in doing business in Malaysia, the country continued to rise in the International Finance Corporation World Bank Doing Business 2015 Report (DB2015). The nation improved to 18th position from its previous 20th position. The elevation in rank clearly reflects the continued support and earnest efforts by the Government to facilitate foreign investments in Malaysia and ensure corporate integrity and transparency prevail in the business community.

SSM approaches enforcement as a platform to protect the corporate environment and business communities from key economic issues that could tarnish our country's image. SSM pursues strong and vigorous enforcement within an overall strategy of achieving balanced enforcement. SSM uses a broad range of tools to ensure compliance with corporate laws and regulations amongst entrepreneurs and small, medium and large companies. These tools include on-site inspections, stringent review of SSM's database, SME business and government assistance, general education events,

regulatory workshops, publications and practice notes, dedicated telephone hotlines and SSM's internet site. All these enforcement activities go on in conjunction with its routine investigations and enforcement actions.

COMPLAINTS MANAGEMENT

In the year 2014, complaints received decreased by 15% compared to 2013. The reduction in the number of complaints was due to the screening process undertaken by the Complaints Section which required the complaint lodged to relate to the laws administered by SSM and be accompanied by support documentation and explanation. For all complaints outside of its jurisdiction, SSM would recommend that the complainant liaise directly with relevant agencies.

A total of 1,301 (97.9%) complaints were resolved in the year 2014. Only 2.6% of complaints were not resolved within the expected timeline while 97.4% were resolved within the expected timeline.

Complaints 2014

Total Number of Complaints Received	Number of Complaints Resolved		Complaints Resolved Within the Timeline		Percentage of Complaints Resolved Beyond the Timeline
1,328	1,301	97.9%	1,294	97.4%	2.6%

Complaints Received

Year	2014	2013	2012
Company	949	1,165	1,480
Business	379	399	435
Total	1,328	1,564	1,915

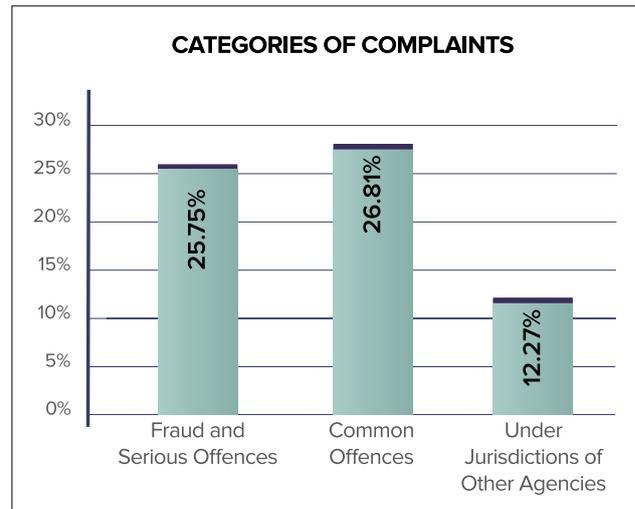
Complaints Resolved

Year	2014	2013	2012
Company	927	1,110	1,393
Business	374	377	408
Total	1,301	1,487	1,801

Timeline for Complaints Resolved	
Category	Number
Within three (3) working days	1,003
Within 14 working days	228
Within 21 working days	63
Total	1,294

Classification Of Complaints Received

Issue	Total
1 Inaccurate information and identical name	59
2 Inappropriate conduct by director	84
3 Inappropriate conduct by company secretary	39
4 Fraud and serious offences	342
5 Misconduct during winding up of company	7
6 Accounting non-compliance	12
7 Unregistered Interest Schemes	51
8 Registered Interest Schemes	4
9 Common Offences	356
10 Issues pertaining to managerial misconduct involving monetary or material claims, internal affairs and procedures of meetings	129
11 Issues pertaining to the jurisdiction of other agencies such as employment, tourism, direct selling, fraud and 'scratch and win' contests	163
12 Inquiries	82
Total	1,328



The top three (3) categories of complaints received in 2014 were related to issues pertaining to common offences which comprised 26.81% of the total complaints. Among the offences under this category were failure to hold the Annual General Meeting (AGM), failure to lodge annual returns and financial statements and carrying on an unregistered business.

The second highest complaint which constituted 25.75% of the total complaints received related to fraud and serious offences. Among the offences were the lodgement of false and misleading information, the duties and liabilities of directors and taking unauthorised deposits or offering shares to the public. Complaints that involved other government agencies and were beyond the jurisdiction of SSM were the third highest complaints accounting for 12.27% of the total complaints received for the year.

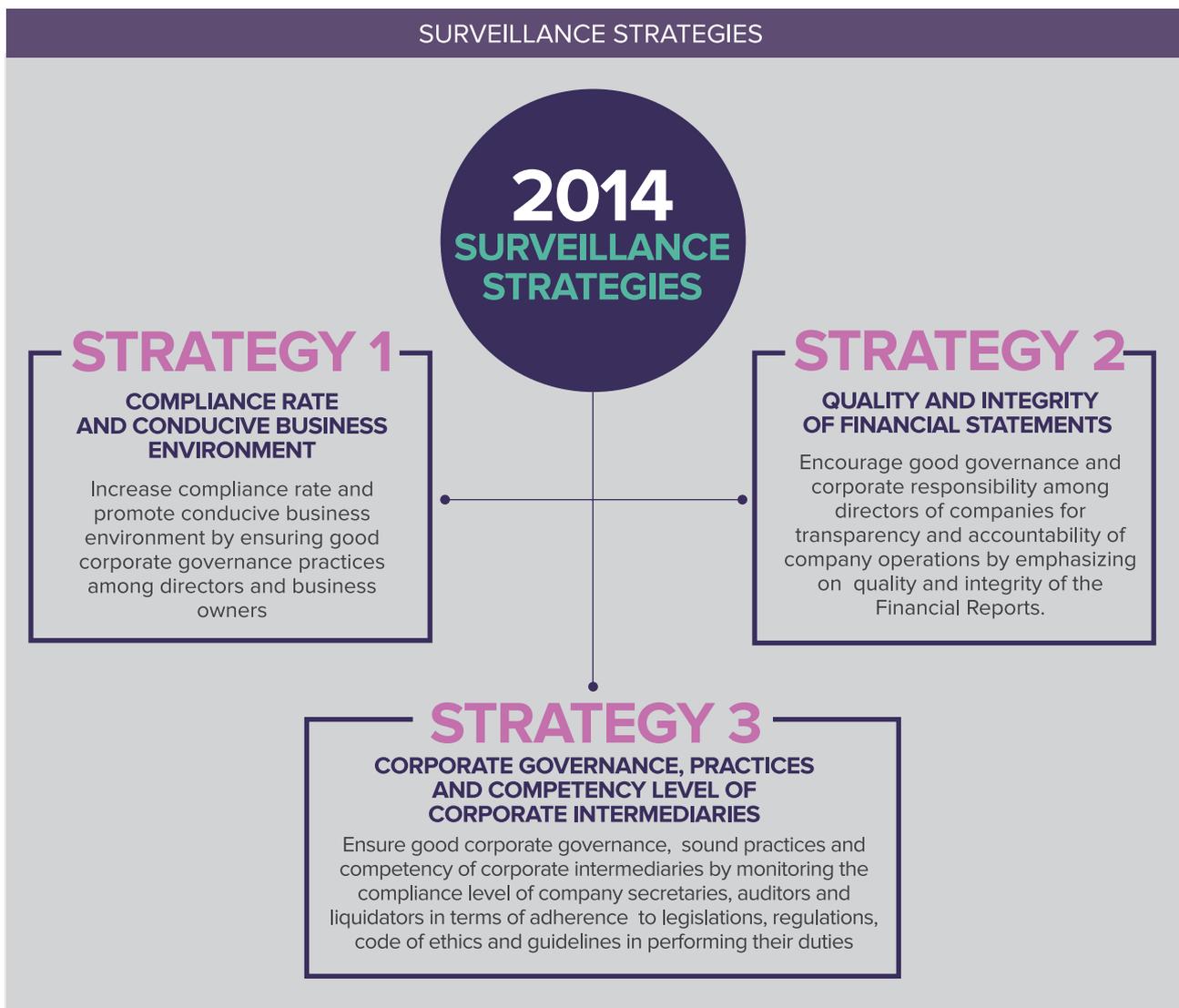
COMPLIANCE

SSM is committed to creating a conducive business environment and promoting corporate transparency among the corporate communities. In the context of a balanced enforcement philosophy, SSM continues to play a crucial role in formulating strategies and enforcement initiatives.

In implementing its enforcement strategies and initiatives in year 2014, SSM took on an educational approach which saw the introduction of early preventive measures through various awareness and strategic collaboration programmes with the stakeholders to achieve the following objectives:

- (a) Ensure compliance with the Acts regulated by SSM;
- (b) Ensure that necessary action is taken against breaches of laws and regulations by entities regulated by SSM;
- (c) Ensure company officers and corporate intermediaries have the right qualifications and competencies to administer companies with greater transparency and accountability; and
- (d) Minimize the risk of companies being misused for illegal activities and against public and national interest.

SSM surveillance activities throughout 2014 focused on three (3) key strategies as follows:-



INSPECTION AND SURVEILLANCE ACTIVITIES

In the year 2014, SSM conducted both physical and database inspections of 1,099,876 companies, businesses and limited liability partnerships (LLP) result in a 27 % increase compared with inspections carried out in 2013. The scope of inspections conducted were as follows:-

Activities	Scope of Monitoring	No. of Inspections	
		2014	2013
Analysing corporate and business information stored in SSM database (data monitoring)	<ul style="list-style-type: none"> (a) Annual Return and Financial Statement lodgement status pertaining to section 165(4) of Companies Act 1965 (CA 1965). (b) Analysing financial statements lodged with SSM. (c) Monitoring of director's qualifications under section 130(1) and 125(1) of CA 1965. (d) Compliance by companies under liquidation to the winding up provisions under section 234(3) and 188(1)(b) of CA 1965. (e) Monitoring of business registration expiry under section 12(1)(b) of Registration of Businesses Act 1956 (ROBA 1956). (f) Annual Declaration lodgement by LLP pertaining to section 68(2) of LLP 2012. (g) Cooperation with local authorities and licencing agencies (e.g. Local Municipal Councils and Land Public Transport Commission) to check the compliance status of companies and businesses that have a license or permit from the agencies. 	1,067,056	828,134
Physical inspection of business premises and registered addresses	<ul style="list-style-type: none"> (a) Compliance with the provisions under section 121(3) of CA 1965 and Rule 13A (2) of Registration of Businesses Rules 1957 (ROBR 1957) with regard to the display of company/business name and registration number at business premises and section 12(2) of ROBA 1956 with regard to the display of registration certificate at business premises. (b) Compliance with the provision of section 12(1)(a) and 12(1)(b) of ROBA 1956 with regard to business registration and renewal. (c) Record and maintenance of statutory books by Company Secretaries pursuant to CA 1965 and CR 1966 requirement. (d) Compliance of LLP to accounting records requirements and other such records pertaining to section 69 LLP 2012. 	23,932	27,033
Monitoring of web-based businesses and media advertisements	<ul style="list-style-type: none"> (a) Compliance with the provisions under section 121(1) (b) CA 1965 with regard to the display of company name and number in all documents and publications. (b) Compliance with the provisions of section 112(1)(a) and 12(1)(b) ROBA 1956 with regard to registration and renewal of businesses. (c) Concerns relating to public interest, e.g. illegal investments, interest schemes, fraud by companies and businesses. 	4,112 company and business websites AND 3,063 company and business advertisements in media	4,803 company and business websites AND 2,195 company and business advertisements in media
Monitoring of Corporate Intermediaries	<ul style="list-style-type: none"> (a) Monitoring of obligations and independence of auditors and liquidators: <ul style="list-style-type: none"> - Qualifications and independence of auditors under section 9 of CA 1965 and Conditions for Auditors Renewal Approval issued by Ministry of Finance. - Obligations of auditors pursuant to section 174(3)(b) CA 1965 with regard to the opinion on the maintenance of statutory book. - Qualification and independence of Liquidators under section 10 of CA 1965 (a) Monitoring of qualifications and competency of company secretaries: <ul style="list-style-type: none"> - Monitor the qualifications of company secretaries under section 139A(b) CA 1965. - Monitoring of companies to ensure each and every incorporated company has at least one secretary under section 139(1)(d) CA 1965. - Assessment of company secretary competency through level of compliance to CA 1965 provisions and requirements. <p><i>(Involves data monitoring and physical inspections)</i></p>	121 audit firms, 233 auditors, 605 auditors' reports and 4 liquidators	106 auditors, 81 auditors' spouses, 3,185 audit firms' staffs and 16 liquidators
		750 company secretaries	52 company secretaries
Total		1,099,876	865,605

The increase in number of inspections carried out was largely due to a change in focus in 2014 which saw greater emphasis on collaboration between SSM and stakeholders to promote compliance. Collaboration programmes held throughout 2014 are as follows:



MONITORING AND INSPECTION OUTCOMES

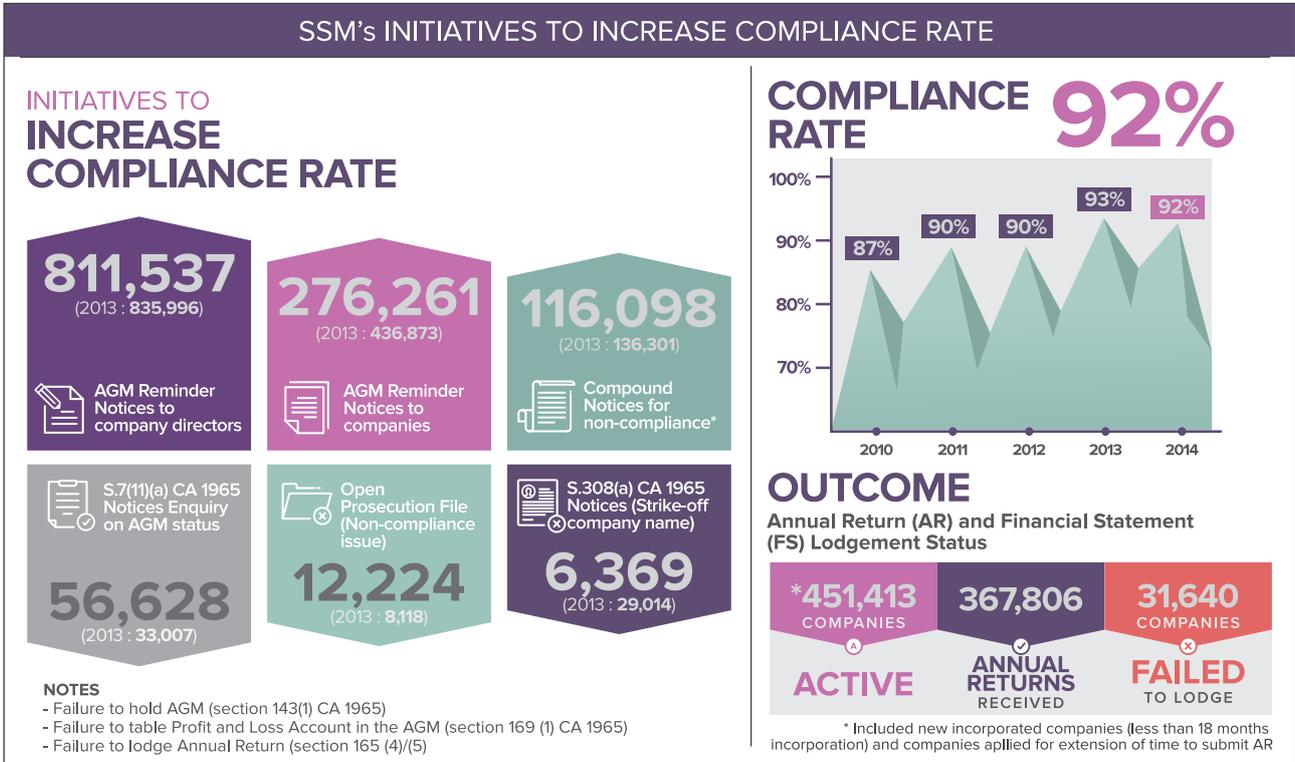
Compliance Rate

Based on database monitoring results, SSM initiated the following actions to promote greater compliance to the requirement to submit Annual Returns and Financial Statements:

- (a) Annual reminders were sent to 276,261 companies and 811,537 company directors (2013: 436,873 companies and 835,996 directors) to hold their respective Annual General Meetings (AGM) before the due date and to table audited accounts during such meetings pursuant to the requirement of section 143(1) and 169(1) of CA 1965.
- (b) 116,098 compound notices (2013 : 136,301 compound notices) and 56,628 inquiries in relation to section 7(11) (a) of CA 1965 (2013 : 33,007 enquiries) were sent to companies which had failed to lodge Annual Returns and Financial Statements pursuant to the requirement of section 165(4) of CA 1965.
- (c) 12,224 companies were referred for prosecution for failure to hold their AGM, table the audited accounts in the AGM and lodge Annual Returns together with Financial Statements to SSM; and
- (d) 6,369 notices under section 308(1) of CA 1965 were sent to companies to notify them of the Registrar's intention to strike off such companies.

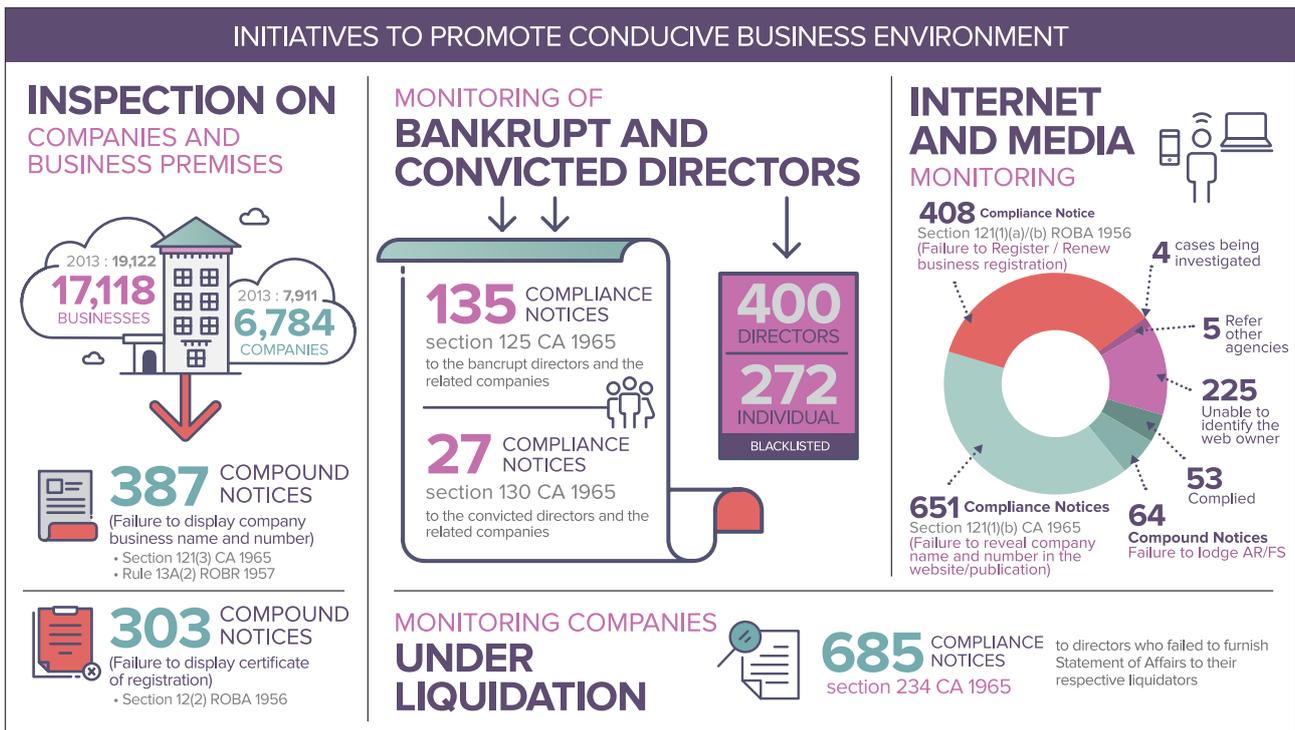
These initiatives contributed to a compliance rate of 92% [2013 : 93%] for year 2014.

By taking into consideration all the annual returns and financial statements lodged with SSM during 2014, including the annual returns and financial statements lodged outside the stipulated time frame, SSM saw a 4% increase in lodgement rate during the year compared to year 2013.



Inspection

To ensure a conducive business environment and good corporate governance practices among directors and business owners, the following action was taken based on results of physical inspections at business premises, monitoring of media and Internet business activities as well as directors' qualifications:

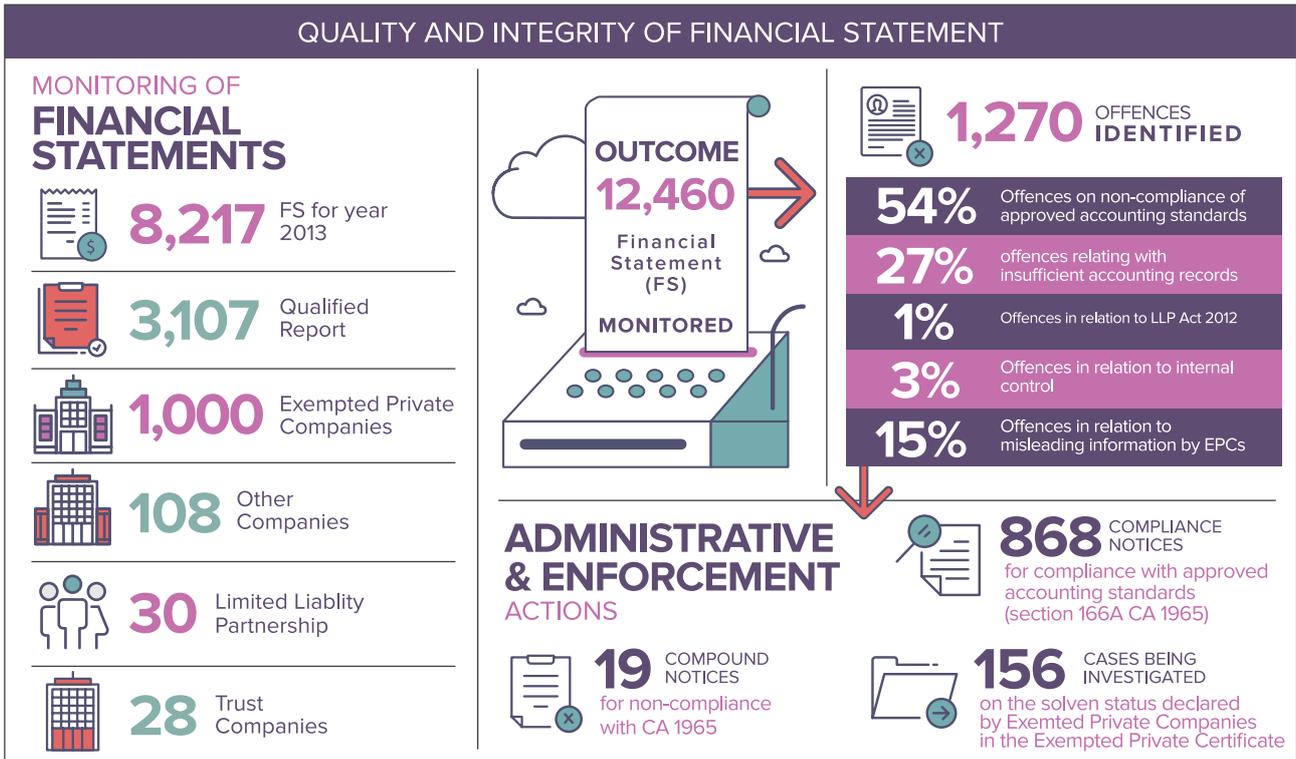


Monitoring of Financial Statements

To ensure the quality and integrity of Financial Statements, SSM monitored 12,460 financial statements in year 2014 and 1,270 offences were identified including non-compliance to the approved accounting standards (54%), insufficient accounting

records (27%), misleading information by Exempt Private Companies (EPC) (15%), internal control issues (3%) and insufficient accounting records by LLP (1%).

The detailed statistics and actions are illustrated below:



Continuous monitoring of financial statements and accounting records improved compliance to the requirements under section 166A of CA 1965 with regard to the applicable approved accounting standards, section 167 of CA 1965 on maintaining accounting records and section 169 of CA 1965 on preparation of financial statements that give a true and fair view of the financial position of the company.

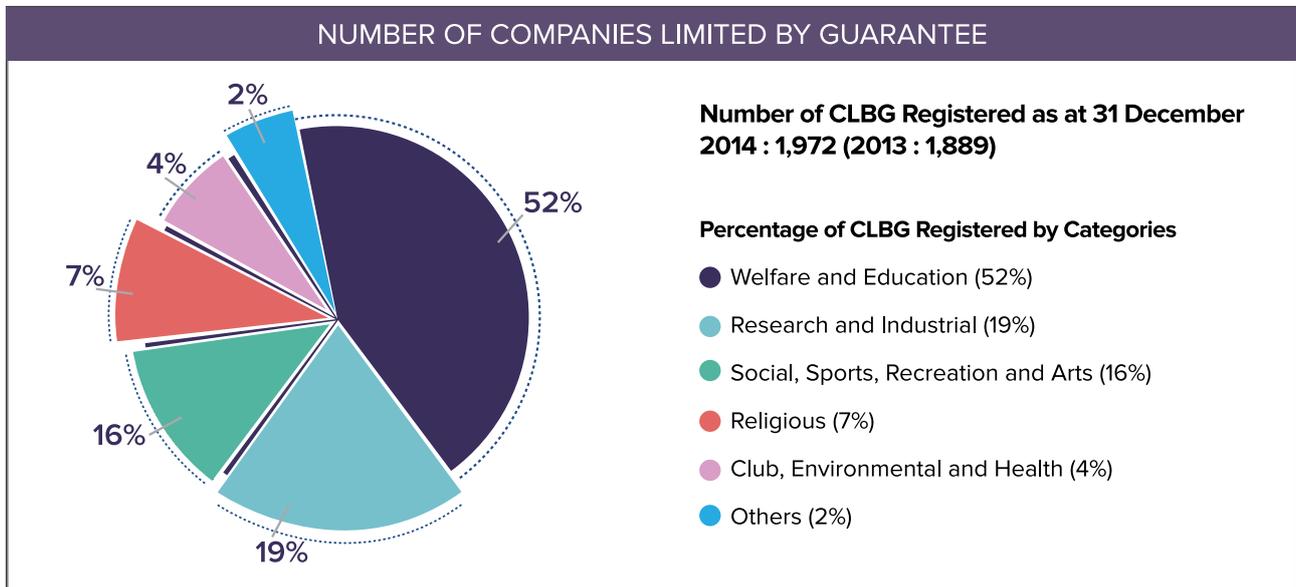
Monitoring of Companies Limited By Guarantee (CLBGs)

SSM takes a serious view of the level of corporate governance in CLBGs which are non-profit organizations. Their activities are constantly monitored

as they have a high risk of being abused as a platform for unlawful activities, particularly in relation to money laundering and the financing of terrorism.

SSM monitors CLBGs to ascertain that their source of income and usage of funds are not being diverted to support unlawful activities which may affect public interest and national security. This is in line with one of the key recommendations of the Nine Special Recommendations on Terrorist Financing in 2001, of the Financial Action Task Force (FATF) which requires all countries to put in place measures to ensure that terrorist organisations do not masquerade as legitimate non-profit organisations (NPOs).

As at 31 December 2014, a total of 1,972 CLBGs were incorporated compared to 1,889 at the end of year 2013 under the following categories:



SSM took the following initiatives to monitor CLBGs:

- All CLBGs were required to disclose critical financial information annually to SSM through Financial Information Form (FIF); and
- Information on donors and recipients submitted by CLBGs through FIF was monitored closely.

SSM further monitors CLBGs in relation to compliance with the approved accounting standards in recording and reporting of transactions and compliance in relation to lodgement of annual returns and financial statements. During the year, 452 financial statements were reviewed and the results are as shown as follows:



Besides enforcement activities, CLBGs and their officers were also exposed to continuous education through SSM’s awareness programmes.

As an aid to their programmes, in September 2014, SSM published a booklet entitled “Best Practice Guides on Managing Company Limited by Guarantee”. In addition, SSM collaborated with the Registrar of Societies (ROS), Labuan Offshore Financial Services Authority (Labuan FSA) and Legal Affairs Division (BHEUU), in the Prime Minister’s Department to publish “Best Practice Guides on Managing NPOs” to create awareness of money laundering and terrorism financing among the NPOs in Malaysia. This booklet was launched on 30 November 2014 and made available online in SSM’s website as well as distributed to the NPOs.

Licensing and Monitoring of Company Secretaries

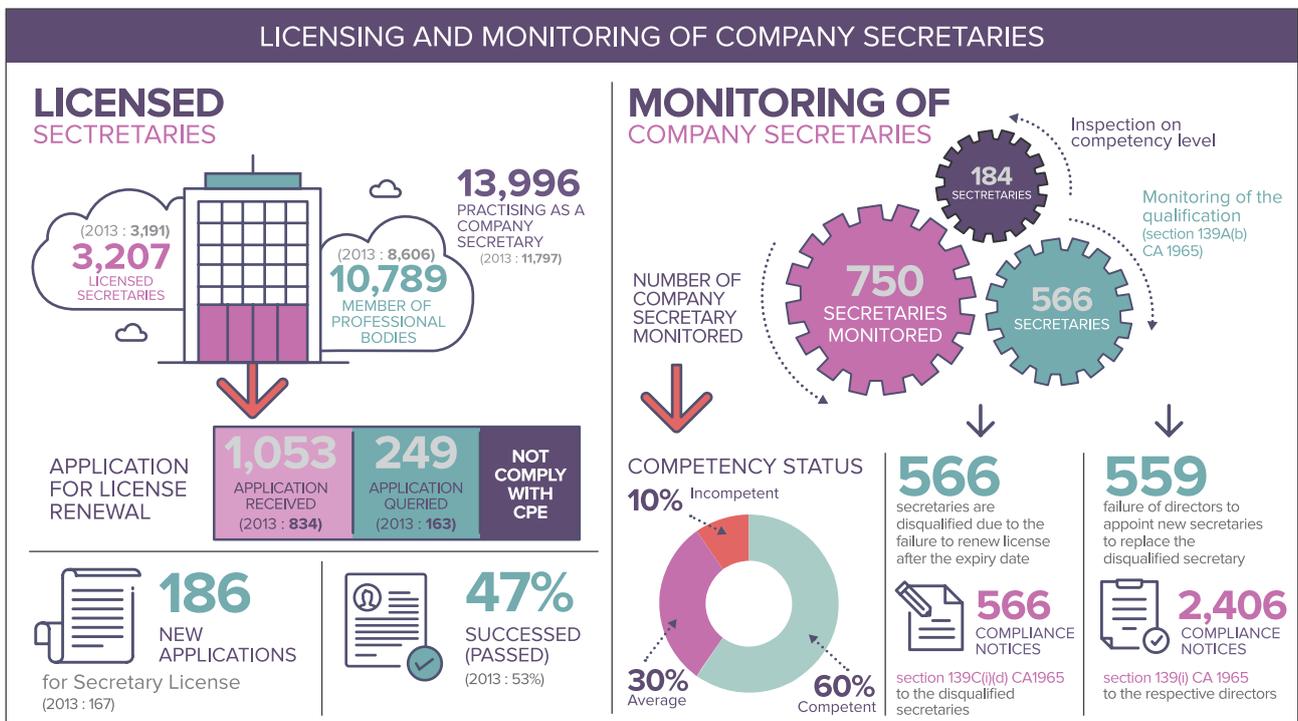
As of 31 December 2014, a total of 3,207 (2013: 3,191) out of 13,996 (2013: 11,797) individuals who practised as company secretaries were licensed by the Registrar of Companies.

SSM received 186 new applications for company secretary license during the year compared to 167 applications in 2013. A total of 26 interviews were conducted during 2014 with the success rate being 47% compared to 53% in 2013.

For renewal of company secretary licenses, a total of 1,053 applications were received, of which 249 applications failed to comply with the continuing professional education (CPE) points requirement which SSM introduced in January 2010.

With regard to monitoring activities, inspections conducted on 750 licensed secretaries resulted in 566 company secretaries being disqualified under section 139A(b) CA 1965 for failure to renew their licenses which had expired. Monitoring of competency level of 184 active secretaries revealed that 60% of the secretaries were competent and had achieved the expected level of professionalism and ability to discharge their professional duties and responsibilities as a company secretary.

The details of licensing and monitoring activities in 2014 are detailed as follows:



Monitoring of Auditors

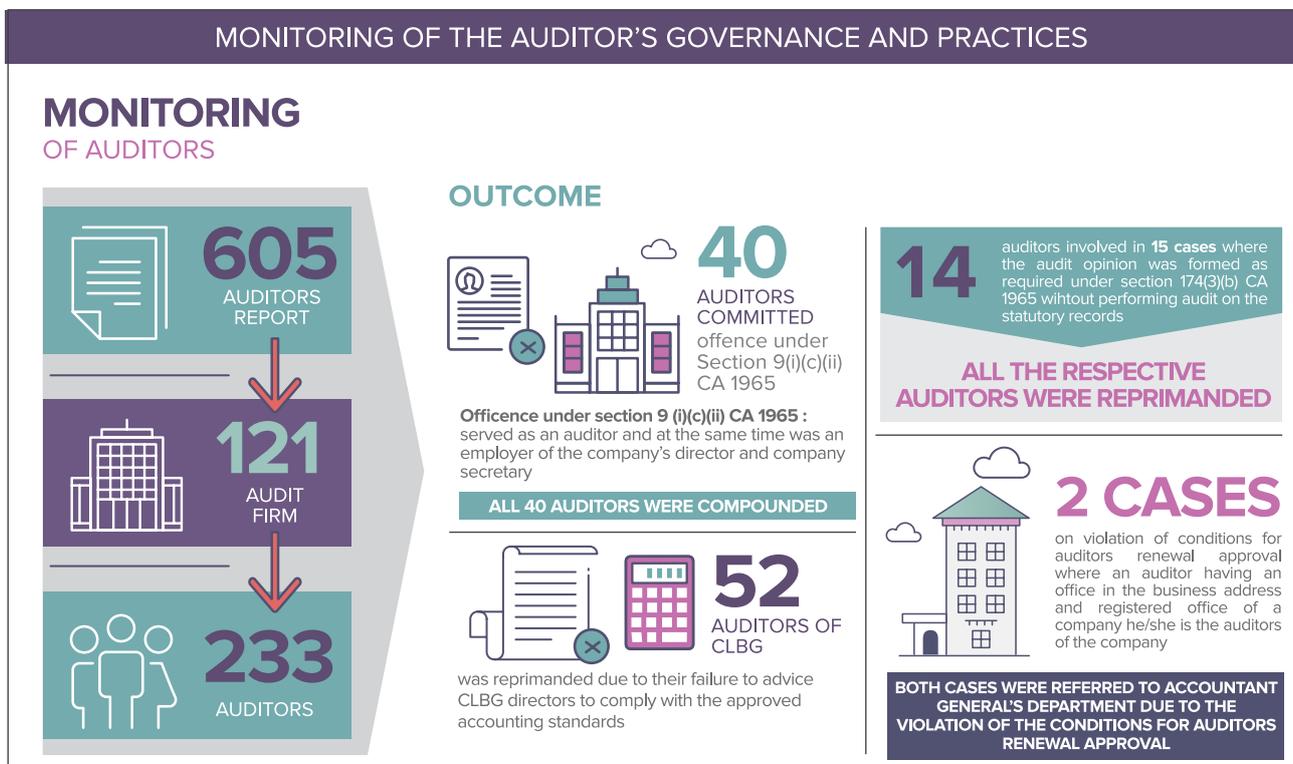
During the year 2014, SSM continued to monitor the conduct of approved auditors to ensure their compliance with all the requirements under CA 1965 and the Conditions of Approval/Renewal of Approval issued by the Treasury of Malaysia. At the same time, SSM also continued to monitor the extent to which the audit team and the audit firm partners could demonstrate independence in their auditing practices.

A total of 223 auditors were monitored and compound notices were issued to 40 auditors pursuant to section 9(1)(c)(ii) of CA 1965 for acting as auditors of a company being

employers of the company's director and/or company secretary. 14 auditors were reprimanded pursuant to section 174(3)(b) of CA 1965 for giving an opinion without carrying out an audit on the statutory records. In addition, 52 were reprimanded due to their failure to advise CLBG directors to comply with approved accounting standards.

In 2014, SSM referred two (2) cases to the Accountant General's office due to violation of conditions for auditors' license renewal.

Monitoring activities for the year are summarised as follows:



INVESTIGATION

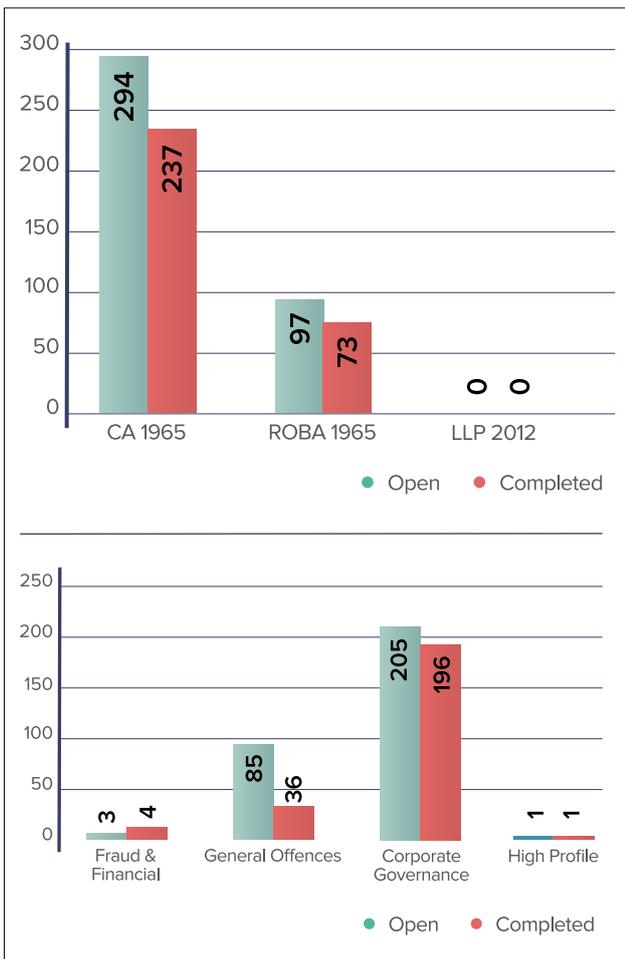
Year 2014 continued to see the Investigation activities of SSM maintaining its momentum of excellence in line with the transformation agenda backed by the government. Initiatives and proactive actions have been implemented to address offences identified through complaints by the public or through on-going monitoring. SSM focused on poor corporate governance, financial fraud and illegal investment schemes in an effort to protect public interest. Concurrently, the SSM Investigation officers worked to preserve integrity and maintain high discipline and increased professionalism as a prevailing work culture in

order to maintain the good image of SSM, it is important to SSM that the confidence, reliability and perceptions of stakeholders as to the role and responsibilities of SSM continues to enjoy public trust.

Throughout 2014, various efforts and strategies planned for the year were successfully met. The main agenda of the Investigation initiatives of SSM was to ensure a thorough transparent investigation process for all investigation papers so that it is resolved in the shortest possible time frame. In this manner public interest is maintained and redress is meted out based on the provision of laws and jurisdiction.

To ensure that the main agenda is achieved, strategic partnerships have been built with several governmental departments and agencies reflected in joint activities such as discussions on investigation cases, investigative information sharing, collaborative inquiry and visits. These include agencies such as Malaysian Anti-Corruption Commission (MACC), Commercial Crime Investigation Division (CCID), Bank Negara Malaysia (BNM), Inland Revenue Board (IRB) and the Registrar of Societies (ROS). Another strategic partnership approach to investigation was holding Networking and Information Sharing Sessions with regulatory bodies, enforcement agencies, governmental agencies, financial institutions and telecommunication companies. These strategic alliances are in line with the call by the Prime Minister of Malaysia for ministries and agencies to collaborate in initiating and implementing creative and transformational Blue Ocean Strategy initiatives. Meanwhile, SSM through the Investigation Division still maintained its commitment to the Special Task Force led by the Attorney General by extending the service of two (2) investigating officers in the respective teams.

Breakdown of Cases Based on Offences Investigated in the Year 2014



Completed Corporate Governance Investigation Papers (IP)

In line with its focus on curbing economic crimes related to corporate governance offences, the Investigation Division successfully completed the following investigation papers under corporate governance offences:

No.	Offences (Section)	Total IP Completed
1.	Section 364(2) CA 1965: Persons who makes or authorize the making of a false or misleading statement in any material particulars knowing it to be false or misleading	136
2.	Section 132 CA 1965: Breach of fiduciary duty by officers	37
3.	Section 131 CA 1965: Failure to disclose of interest in contracts, property, offices by officers	10
4.	Section 91 CA 1965: Issue or offer to the public to subscribe to or purchase an interest in a scheme without an approved deed	5
5.	Section 300 CA 1965: Offences by officers of companies in liquidation	3
6.	Section 15(1)(d) CA 1965: Prohibit any invitation to the public to deposit money with the company for fixed periods or payable at call, whether bearing or not bearing interest	3
7.	Section 366 CA 1965: Fraudulently inducing people to invest money	2

Completed Investigation Paper (IP) On Fraud

SSM’s Investigation Division had successfully completed investigation papers on the following fraud cases:

No.	Offences (Section)	Total IP Completed
1.	Section 67 CA 1965: Dealing with a company’s own shares	2
2.	Section 69E CA 1965: Failure of substantial shareholder to notify company of his interest	1
3.	Section 368(a) CA 1965: Fraud by officers	1

The Investigation Division of SSM which functions as the Secretariat for the Special Task Force for White Collar Crime in conjunction with the Joint Special Committee chaired by the Minister of Domestic Trade, Co-operatives and Consumerism (MDTCC) and the Working Committee headed by SSM, successfully organised the Working Committee and the Joint Special Committee meetings, on 23 January and 13 March 2014 respectively. This strategic partnership is an integral aspect of the Blue Ocean Strategy initiative mooted by the Government.

As in previous years, SSM had successfully organised the Annual NPO Seminar in collaboration with the Malaysian Registrar of Societies (ROS), Labuan Financial Service Authority and the Legal Affairs Division of the Prime Minister's Department (BHEUU) on 30 September 2014 in Kuala Lumpur. The event also saw SSM launching a pamphlet entitled "Best Practices Guide in Managing NPO" a joint initiative of agencies involved in the seminar to create targeted reference materials for directors/trustees/office holders of an organisation.

In ensuring that any investigation paper opened is processed in a transparent manner, thoroughly investigated and resolved in the shortest possible timeframe so that public interest is preserved in line with the jurisdiction and legal provisions, SSM once again organised a seminar on 27 August 2014, entitled "Networking and Information Sharing" which saw participation from regulatory bodies, enforcement agencies, government agencies, financial institutions and telecommunication companies.

PROSECUTION

In addressing serious breaches of corporate governance and other common offences, SSM enforces the laws under its jurisdiction as provided for by the First Schedule of the Companies Commission of Malaysia Act 2001.

In the year 2014, SSM registered 30,621 cases against serious corporate governance offences and non-compliance offences which breached the CA 1965 and the ROBA 1956.

Convictions Obtained In The Year 2014

In the year of 2014, SSM obtained a total of 19 convictions against individuals, directors and companies for breaches of the CA 1965. The statistics on convictions are shown in the following table:

Convictions Obtained For Serious Corporate Governance Offences Under The CA 1965

No.	Category of Offences under CA 1965 and ROBA 1956	No. of Cases Convicted in Year 2014
SERIOUS CORPORATE GOVERNANCE OFFENCES		
1.	Section 91(1) CA 1965 : Issuing of interests without an approved deed.	2
2.	Section 94(1)(b) CA 1965 : Failure to comply with a covenant contained in a deed.	3
3.	Section 132(1) CA 1965 : Failure to exercise power as director of a company in the best interest of the company.	1
4.	Section 132(2)(a) CA 1965 : Use of company property without the consent or ratification of a general meeting.	5
5.	Section 363(3) CA 1965 : Offering shares for subscription or purchase to the public.	1
6.	Section 364(2) CA 1965 : Persons who made or authorised the making of a statement false or misleading in any material particulars knowing it to be false or misleading.	6
7.	Section 364A (1) (a) CA 1965 : An officer knowingly and wilfully authorises the making of any false or misleading statements to members of the corporation.	1
Total		19

Convictions Obtained For Non-Compliance Under The CA 1965 and ROBA 1956

No.	Category of Offences under CA 1965 and ROBA 1956	No. of Cases Convicted
NON-COMPLIANCE		
1.	Section 143(1) CA 1965 : Failure to hold Annual General Meeting.	115
2.	Section 169(1) CA 1965 : Failure to table accounts at the Annual General Meeting within the prescribed period.	78
3.	Section 165(4) CA 1965 : Failure to lodge Annual Return.	983
4.	Section 165A CA 1965 : Failure to attach Auditor's Statement.	25
5.	Section 370(1) CA 1965 : Default penalty proceedings for continuous default.	39
6.	Section 12(1)(a) ROBA 1956 : Carrying on business without registration.	10
7.	Section 12(1)(b) ROBA 1956 : Carrying on business after expiry of business registration.	68
8.	Section 12(2) ROBA 1956 : Failure to display certificate of registration.	4
9.	Section 17A(1)(b) ROBA 1956 : Failure to submit change of registered business particulars.	3
10.	Section 17A(2) ROBA 1956 : Failure to display signboard.	4
Total		1,329
Grand Total		1,348

Landmark Cases In The Year 2014

The year 2014 recorded a significant number of convictions against directors and officers of companies for serious corporate governance offences, namely making of false statements in statutory documents and offering of illegal investment schemes to the public. Deterrent custodial sentences were decided by the courts against the convicted.

The following is a summary of these cases:

No.	Nature of Offence	Offence (Section)	Description
1.	Authorising or making of false statements pertaining to the resignation of a director	Section 364(2) CA 1965	A director of Venus Polymers Sdn. Bhd. was sentenced to five (5) years imprisonment for authorising the company secretary to make a false statement in relation to the resignation of another director through the lodgement of Form 49.
2.	Making of false statement in Form 49	Section 364(2) CA 1965	The company secretary of Jendela Gemilang Sdn. Bhd. was convicted by the Kuala Lumpur Sessions Court for authorising Premier Corporate Services Sdn. Bhd. to make a false statement to the Registrar in relation to the resignation of two directors through the lodgement of Form 49. The accused was sentenced to a fine of RM10,000.
3.	Making of false statements in relation to transfer of shares and removal of director	Section 364(2) CA 1965	A director of Transpack Asia Movers (M) Sdn. Bhd. was convicted at the Kajang Sessions Court for two (2) offences, namely: (a) making of false statement to the Registrar in relation to the transfer of 149,500 units of ordinary shares to another director of the company without consent from the rightful shareholder through Form 32A; and (b) making of false statement to the Registrar in relation to the removal of another director through the lodgement of Form 49. The accused was sentenced with a total fine of RM28,000.
4.	Making of false statements in relation to striking off application	Section 364 (2) CA 1965	The Kuala Lumpur Sessions Court convicted a director of Doxport E-Projects Sdn. Bhd. for making a false statement in relation to the application to strike off the company under section 308(1) CA 1965. The accused was sentenced a fine of RM25,000.
5.	Illegal leech cultivation investment scheme	Section 363(3) dan Seksyen 91(1) CA 1965	The Shah Alam Sessions Court convicted Hidayah Management & Services Sdn. Bhd. for committing an offence under section 363(3) CA 1965, and its managing director for committing an offence under section 91(1) CA 1965. Both charges were in relation to the offering of an illegal investment scheme known as ' <i>Skim Pulangan Balik Ternakan Lintah</i> ' which had collected monies from the public without having an approved deed registered with SSM. The accused managing director, who also represented the company, was sentenced to a fine of RM50,000 for breaching section 363(3) CA 1965, and a fine of RM25,000 for breaching section 91(1) CA 1965.
6.	Illegal worm breeding investment scheme	Section 91(1) CA 1965	The Kulim Sessions Court convicted an officer of Kulim Worm Agrotech (M) Sdn. Bhd. for offering an illegal worm breeding scheme. The accused was sentenced to a fine of RM12,000.
7.	Making of false statement in the Auditors Statement relating to an Exempt Private Company	Section 364A(1)(a) CA 1965	A company secretary was convicted by the Butterworth Sessions Court for intentionally making a false statement to the directors of Golden Crossback Arowana Breeding Farm Sdn. Bhd. and EL Chong Motor Trading Sdn. Bhd. in the preparation of 'Auditors Statement relating to an Exempt Private Company' for the financial years of 2010 and 2011. The accused was sentenced to a fine of RM30,000 per charge.

Registration Of Court Cases In The Year 2014

A total of 30,621 non-compliance and serious corporate governance cases were registered in the courts nationwide in the year 2014, compared to a total of 12,258 cases registered in 2013, an increase of 149.8%. The table below highlights these figures.

Cases Registered for Non-Compliance Offences under the CA 1965 and ROBA 1956

No.	Category of Offences under CA 1965 and ROBA 1956	No. of Cases Registered in the Year 2014
NON-COMPLIANCE OFFENCES:		
1.	Section 165(4) CA 1965 : Failure to lodge Annual Return	14,372
2.	Section 143(1) CA 1965 : Failure to hold Annual General Meeting	8,768
3.	Section 169(1) CA 1965 : Failure to table accounts at the Annual General Meeting within the prescribed period	7,073
4.	Section 121(1)(b) CA 1965 : Failure to print company name and number on official documents	25
5.	Section 121(3) CA 1965 : Failure to display company name on all offices	14
6.	Section 12(1)(a) ROBA 1956 : Carrying on business without registration	12
7.	Section 12(1)(b) ROBA 1956 : Carrying on business after expiry of business registration	113
8.	Section 12(2) ROBA 1956 : Failure to display certificate of registration	47
9.	Rule 17A(1)(b) ROBA 1956 : Failure to submit change of registered business particulars	9
10.	Rule 17A(2) ROBA 1956 : Failure to display signboard	118
Total		30,551

Cases Registered For Serious Corporate Governance Offences Under The CA 1965 and ROBA 1956

No.	Category of Offences under CA 1965 and ROBA 1956	No. of Cases Registered in the Year 2014
SERIOUS CORPORATE GOVERNANCE OFFENCES:		
1.	Section 12(1)(d) ROBA 1956 : Making or furnishing the Registrar with false information.	1
2.	Section 132(1) CA 1965 : Failure to exercise power as director of a company in the best interest of the company	5
3.	Section 132(2)(c) CA 1965 : Director or officer of company using his position as director or officer without the consent or ratification of a general meeting.	2
4.	Section 364(2) CA 1965 : Person making or authorising the making of a statement false or misleading in any material particulars, knowing it to be false or misleading	13
5.	Section 370(1) CA 1965 : Default penalty proceedings for continuous default	49
Total		70
Grand Total		30,621

SUMMARY OF CONVICTIONS IN 2014

In the year 2014, SSM obtained a total of 1,441 convictions (2013: 1,121 convictions) against individuals, directors and companies for breaches of the ROBA 1956 and CA 1965. An increase of 320 cases with convictions is noted due to on-going trials being concluded in 2013.

No.	Category	Corporate Governance Convictions	Non-compliance Convictions	Total Fine Imposed by the Courts (RM)
1.	Companies	0	338	306,250
2.	Directors	19	1,014	1,225,000
3.	Business Owners / Individuals	0	89	57,850
Total		19	1,441	1,589,100

LITIGATION

The number of civil cases (court cases) handled by the Litigation Section had seen an increase of 16% as of 31 December 2014 (427 cases) compared to the 2013 (364 cases). The category of files are listed below:

No.	Categories	File Opened	File Opened
Year		2014	2013
1.	Court Case	427	364
2.	Legal Opinion	16	63
3.	Project / Meeting	6	12
4.	Miscellaneous	32	35
Total		481	474

Overview of Significant Civil Cases Involving SSM

An increase in civil cases in the year 2014 was attributed to the following issues:

(a) Application to reinstate the name of company in the Company's Register (section 308(5) of the CA 1965);

(b) Application for extension of time and amendment of documents related to charges (section 114 of the CA 1965);

(c) Action pursuant to section 12 of the CA 1965; and

(d) Cases related to insolvency.

The following were among the civil cases handled by SSM's Litigation Section:

(a) Action by SSM to strike out subpoena issued against SSM's Investigation Officer

(Kuala Lumpur High Court Originating Summons No.: 22NCC-644-11/2013 Md Aris Bin Rifen v. Muhammad Zarif Bin Abdullah Menon & 2 Ors):

SSM's officers are often served with subpoena to appear as a witness in criminal and civil cases. The basic principle is that every subpoena must be observed and SSM's officers who were subpoenaed should be prepared (in terms of sufficiency of evidence and preparation of documents) to appear in court.

Subpoenas, however, can be struck out under certain circumstances, for example, when the witness is irrelevant and his presence as a witness will prejudice the case etc. In this case, the SSM's Senior Investigating Officer was served with a subpoena dated 17 March 2014 to appear as a witness in a civil case.

SSM had applied to the Court to strike out the subpoena on the grounds that the attendance of SSM's Investigation Officer as a witness would prejudice the on-going investigation relating to the complaint involving the Plaintiff and Defendants of the said case.

High Court Judge agreed with the arguments put forth by the Legal Officer of SSM, that is, if SSM's Investigation Officer were called as a witness of the trial, it would prejudice the on-going investigations by SSM. Hence, the Court decided to strike out the subpoena dated 17 March 2014.

(b) Through the Compliance Division and State Offices' initiative, SSM is now actively initiating action pursuant to section 12 of the CA 1965 (enforcement of duty to make returns).

Pursuant to this provision, SSM will apply to the High Court for an Order that the Company and the Company's Directors lodge all the outstanding Annual Returns and Audited Accounts.

This is an alternative action when the company and the company's directors have paid a compound but still failed to lodge the Annual Returns and Audited Accounts with SSM.

In the case of Originating Summons No.: 24NCC-174-05/2014 SSM v. The Malaysian Futures Research Foundation (381018-V) & 2 Ors, SSM, pursuant to section 12 CA 1965, applied to the High Court for an order that the Defendant (Company) lodge the Annual Returns and Audited Accounts for the year 2011, 2012 and 2013 with SSM.

On 18 June 2014, Kuala Lumpur High Court granted an order directing the Defendant to lodge all statutory documents with SSM within 90 days from the date of the order and a cost of RM1,000 paid by the Defendant to SSM. On 5 September 2014, Defendant lodged all statutory documents with SSM and on 11 September 2014, paid the said cost to SSM.

(c) Case relating to the interpretation of section 354 and 355 of the CA 1965

This is an application to the court for exemption from liability (excused for the default or breach/relieve from liability) in respect of the actions of the directors who violate the provisions of the CA 1965.

Kuala Lumpur High Court Originating Summons No.: 24NCC-192-05/2014 Dinesh Kanavaji & 1 Ors v. Virgin Properties Sdn. Bhd. & 1 Ors.

The directors of this company, Virgin Property Sdn. Bhd., were alleged to be involved with various crimes related to abuse of the trust funds owned by a group of Aboriginal people in Johor.

On the verge of being prosecuted by the SSM at Sessions Court pursuant to section 132(2)(c) of the CA 1965, the directors concerned obtained an injunction order and filed an application to the High Court against SSM pursuant to section 354 and 355 of the CA 1965.

On 25 August 2014, the High Court agreed with the arguments put forward by the Legal Officer of SSM that the provisions of sections 354 and 355 of the CA 1965 applies only to legal proceedings initiated/taken by an internal party. It is not applicable to legal proceedings initiated by any third party, including cases involving the prosecution of criminal offenses. This case is still pending at the Court of Appeal.

(d) Legal action against vendor appointed by the SSM:

SSM appoints various vendors to provide services and equipment (products to its headquarters and state offices). It is important for the SSM's officer to monitor closely every contract executed by vendors. Legal action will be initiated by SSM against any vendor that breaches its contract obligations with SSM.

In this case, civil action was initiated against the vendor, WellAd Communications Sdn. Bhd., for its failure to fulfil the maintenance of an Integrated Building Security And Information System (IBSIS) in the SSM building within the stipulated time prescribed under the contract.

SSM successfully obtained a Summary Judgment Order against the said company for the following damages:

- (a) Liquidated damages (liquidated and ascertained damages) of RM68,301.35;
- (b) General damages amounting to RM400,000;
- (c) Interest at the rate of 5% per annum; and
- (d) Costs of RM3,000 payable to SSM by the Defendant (Company).



REGULATORY REFORM INITIATIVES

REGULATORY REFORM INITIATIVES

SSM initiated several law reforms in its efforts to establish a dynamic and innovative legislative framework in line with the needs of the business community in Malaysia. Two major initiatives were the introduction of a new Companies Bill to replace the Companies Act 1965 (CA 1965) and a new Interest Schemes Bill. Concurrently, amendments to the Companies Commission of Malaysia Act 2001 (SSM Act 2001) were also proposed with the objective of strengthening and improving the operational efficiency of SSM. Consequentially amendments were also made to the Registration of Businesses Act 1956 (ROBA 1956), Trust Companies Act 1949 and the Limited Liability Partnerships Act 2012 (LLP 2012).

AMENDMENTS TO COMPANIES COMMISSION OF MALAYSIA ACT 2001 (SSM Act 2001), REGISTRATION OF BUSINESSES ACT 1956 (ROBA 1956) AND THE LIMITED LIABILITY PARTNERSHIPS ACT 2012 (LLP 2012)

The first reading of the SSM (Amendment) Bill, the ROBA (Amendment) Bill and the LLP (Amendment) Bill was on 13 October 2014. The Bills were passed by Dewan Rakyat on 26 November 2014. Thereafter, the Bills were presented and approved by the Dewan Negara on 1 December 2014. The Bills were given the Royal Assent on 30 December 2014 and were gazetted on 5 January 2015.

Among the salient amendments in the SSM (Amendment) Bill are as follows:-

- (a) SSM was granted new regulatory powers to ensure effective enforcement and at the same time, to streamline and standardize all the enforcement activities for all the Acts it administered to avoid overlaps and inconsistencies;
- (b) A reduction in contribution by SSM to the Federal Consolidated Fund in view of the need to channel developmental costs towards improving public service delivery;



- (c) The conferment of power on SSM to license any person under any Acts administered by SSM such as the licensing of a company secretary; and
- (d) The expansion in SSM's functions encompasses the carrying out of training programmes for industry players, including directors and officers of companies and promoting corporate responsibility and business sustainability amongst businesses.

THE NEW COMPANIES BILL

The new Companies Bill will provide a more robust legislative framework for the Malaysian corporate community in tandem with international standards. In essence, the Companies Bill seeks to modernise the laws through simplification of procedures to assist initiation and doing of business. The Companies Bill, which will replace the CA 1965, is expected to be tabled in Parliament in 2015.

THE NEW INTEREST SCHEME BILL

The initiative to introduce the new Interest Scheme Bill is essential for creating an effectively regulated business environment to provide an alternative method of fund-raising on the principles of joint enterprise (common enterprise). The Interest Scheme Bill aims to regulate the registration, administration and liquidation of interest schemes and tighten mechanisms to protect the interests of stakeholders. The Interest Scheme Bill is expected to be tabled in Parliament in 2015.

STAKEHOLDERS' ENGAGEMENT AND COLLABORATIONS



STAKEHOLDERS' ENGAGEMENT AND COLLABORATIONS

Stakeholder engagement and collaboration is a critical process that helps SSM understand key environmental and economic impacts as well as identify risks and opportunities. Hence, SSM recognises the importance of engaging with its stakeholders to successfully achieve its goals. As SSM moves forward into the 21st century, there is greater awareness of the need to integrate stakeholder engagement processes into the core of its functions — from policy and regulations to operations and enforcement — by analysing key economic drivers, risks and opportunities. It is essential that a conducive business environment exists for companies which are taking on the challenge of shifting their strategy towards sustainability and corporate transparency.

CORPORATE PRACTICE CONSULTATIVE FORUM

Since 2005, the Corporate Practice Consultative Forum (CPCF) has provided a platform for closer co-operation between members of the prescribed bodies, company secretarial associations and SSM. The CPCF membership comprises:

- (a) The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA);
- (b) Malaysian Institute of Accountants (MIA);
- (c) The Malaysian Institute of Certified Public Accountants (MICPA);
- (d) The Malaysian Bar;
- (e) Malaysian Association of Company Secretaries (MACS);
- (f) Institute of Approved Company Secretaries (IACS);
- (g) Malaysia Corporate Counsel Association (MCCA);
- (h) The Advocates Association of Sarawak;
- (i) Sabah Law Association; and
- (j) Government-linked companies (GLCs) [represented by Khazanah Nasional Berhad and Bumiputera Commerce Holdings Berhad].

In the year 2014, a CPCF session was conducted on 5 May 2014 to discuss issues pertaining to policy and technical matters. Furthermore, the forum also provided SSM with the opportunity to update members on new products, practice notes and projects.

SSM ANNUAL DIALOGUE

Since 2005, the SSM Annual Dialogue has been functioning as one of the primary avenues for stakeholders to engage in an open discourse with SSM. The main objectives of the Annual Dialogue are:

- (a) to promote understanding and a closer relationship between SSM, the industry and professional bodies;
- (b) to exchange ideas and clarify matters pertaining to operational issues which in turn would enhance the overall efficiency of SSM; and
- (c) to disseminate information to members and the public towards ensuring that the functions of SSM, as the enforcing body of all related legislations, are fully understood by the public.

The SSM Annual Dialogue 2014, held on 19 June 2014 in Kuala Lumpur, was attended by 178 representatives from various professional bodies, Chambers of Commerce, Industrial Associations and other Government agencies. The Dialogue was officiated by Dato' Mohd Naim Daruwish, Chief Executive Officer of SSM. The first session of the Annual Dialogue comprised three (3) presentations entitled "Policy Updates", "Enhancing Compliance" and "Updates on MyCoID" while the second session discussed various issues raised by the stakeholders. The session saw a healthy deliberation by both SSM and its stakeholders on the issues and concerns raised.



Launching of Toolkit “ From Pledge To Practice: A Guide To Implement The Corporate Integrity System In Malaysia” on 22 April 2014.

CORPORATE REGISTERS’ FORUM (CRF) 2014

In the year 2014, SSM participated in the Corporate Registers’ Forum (CRF) 2014 held in Rio de Janeiro, Brazil. The theme for the conference was *“Business Registration as a Means to Reach a Sustainable Economic and Social Development”*. The delegation from SSM, comprising two senior officers, was led by Zahrah Abd Wahab Fenner, Deputy Chief Executive Officer (Services). SSM presented a paper on its corporate social responsibility agenda entitled *“SSM’s Corporate Responsibility Initiatives: A Strategic Collaboration between SSM and UNICEF on Encouraging Responsible Business and Child Rights in Malaysia”*.

PARTICIPATION IN SURVEYS OF INTERNATIONAL ORGANISATIONS

During the year, SSM took part in several surveys organised by the World Bank on matters pertaining to the “Ease of Doing Business 2015”. These surveys specifically related to the following indicators:

- (a) Starting a Business;
- (b) Getting Credit;
- (c) Protecting of Minority Investors; and

- (c) Resolving Insolvency.

SSM also provided its input for the following:

- (a) “Global Forum on Transparency and Exchange of Information for Tax Purposes, Peer Review and the Investment Policy Peer Review” organised by the Organisation for Economic Co-Operation and Development (OECD);
- (b) “2013 Survey by the European Commerce Registers’ Forum” (ECRF);
- (c) Technical Committee ISO/IEC JTC 1/SC 27 on Information Technology Security Techniques and the relevant working groups; and
- (d) “3rd Mutual Evaluation Exercise of Malaysia by Asia Pacific Group on Money Laundering (APG) and Financial Action Task Force (FATF).”

Participation in the surveys is expected to assist Malaysia establish its level of competitiveness and status as a prime destination for investments at the international level.

SSM AND UNITED NATIONS CHILDREN’S FUND (UNICEF)

The strategic partnership on corporate social responsibility (CSR) and children’s rights between SSM

and the United Nations Children's Fund (UNICEF) go back to 2010. The strategic alliance between SSM and UNICEF has created a win-win situation for SSM and UNICEF to implement the Corporate Responsibility Agenda. Through SSM's platform, UNICEF was able to reach out to about one million companies and five million businesses to raise awareness on Children's Rights and Business Principles (CRBP).

To move forward in the strategic partnership and as part of the 2014 Rolling Work Plan for SSM and UNICEF, it was agreed that an impact study be carried out on the partnership, development and dissemination of the Best Business Practice Circulars (BBPC) and Toolkit in achieving the organisational objectives of both SSM and UNICEF. The publications included in this study are as follows:

- (a) BBPC 1/2010 on "Establishment of a Childcare Centre at the Workplace by Corporate and Business Employers";
- (b) Toolkit on "How to set up a Childcare Centre at the Workplace";
- (c) BBPC 2/2011 on "Establishing a Conducive Working Environment for Women: Nursing Mothers Programme at the Workplace"; and
- (d) BBPC 4/2013 on "Education for Sustainable Development: Promoting Technical Education and Vocational Training (TEVT)".

The main objectives of the study are as follows:

- (a) To evaluate the impact of the BBPC and Toolkit in advancing children's rights at the workplace;
- (b) To identify the ideal platform for advancing children's rights at the workplace; and
- (c) To ascertain the practices adopted by the private sector in advancing children's rights.

For the purpose of the study, on 2 September 2014, SSM and UNICEF have conducted a survey to collect quantitative and qualitative data by carrying out focus group discussions and interviews involving a representative number of selected stakeholders/groups. The Final Report was completed on 31 December 2014 to SSM. Based on the results from the impact study and recommendations of the Final

Report, SSM and UNICEF will determine the way forward for the partnership's future activities in terms of plans and projects for the year 2015.

Some of the findings of the study are as follows:

- (a) Publications for the study have been well-received by stakeholders from the government and non-government sectors who viewed these publications as a good starting point for advancing children's rights at the workplace.
- (b) Stakeholders are interested in collaborating with SSM and UNICEF and engaging targeted audiences through more holistic outreach campaigns.
- (c) A number of stakeholders have also expressed interest to act as the middle person for the partnership between SSM and UNICEF together with the private sector in future joint activities such as workshops, joint studies and distribution of publications.
- (d) GLCs noted the positive impacts from the publications in relation to their corporate responsibility initiatives specifically the BBPC and Toolkit which provided valuable guidelines on setting up their own workplace childcare centres.

CORPORATE RESPONSIBILITY SEMINAR SERIES (CRSS) KUALA TERENGGANU

SSM had successfully conducted one (1) CRSS on 24 June 2014 with the theme "Achieving Corporate Integrity" in Kuala Terengganu, Terengganu with the following objectives:

- (a) to promote SSM's Corporate Responsibility Agenda (CR Agenda) to the corporate and business community, especially the small and medium-sized enterprises (SMEs).
- (b) to encourage SMEs to maintain a balance between generating profits and creating a sustainable business environment.
- (c) to educate SMEs on corporate responsibility practices in improving business ethics and integrity.
- (d) to feature corporate responsibility publications.

A total of 110 participants attended the seminar. Speakers from the Institute of Integrity Malaysia (IIM), Malaysian Anti-Corruption Commission (MACC) and Transparency International Malaysia (TI-M) presented papers.

SSM's TOOLKIT "FROM PLEDGE TO PRACTICE: A GUIDE TO IMPLEMENT THE CORPORATE INTEGRITY SYSTEM IN MALAYSIA"

On 22 April 2014, SSM successfully launched a toolkit entitled "From Pledge to Practice: A Guide to Implement the Corporate Integrity System Malaysia". The launch was officiated by Y.B. Dato' Sri Hasan Bin Malek, the Minister of Domestic Trade, Co-Operatives and Consumerism (MDTCC) at the Tun Dr. Siti Hasmah Auditorium, Menara SSM@Sentral, Kuala Lumpur.

SSM took the initiative to publish the toolkit in collaboration with the Corporate Integrity Round Table Members spearheaded by the Malaysian Anti-Corruption Commission (MACC), SSM, Performance Management & Delivery Unit (PEMANDU), NKRA Corruption - Monitoring and Coordination Division, Institute of Integrity Malaysia (IIM), Transparency International Malaysia (TI-M), Bursa Malaysia Berhad and Securities Commission of Malaysia (SC).

The toolkit complements SSM's Best Business Practices Circular (BBPC) 3/2012 on "Achieving Corporate Integrity" published in 2012 and is designed to provide guidelines on the implementation aspects of the Corporate Integrity Pledge (CIP) and Corporate Integrity System Assessment Questionnaire (CISAQ). With assistance provided by the toolkit, the corporate community in Malaysia will be able to assess the effectiveness of the integrity pledge (IP) signed.

The toolkit will help promote an ethical business culture, integrity and accountability and help create a sustainable corporate community. The toolkit has the following objectives:

- (a) To encourage integrity, accountability and sound management of anti-corruption programmes to be adopted by the corporate community.
- (b) To facilitate and provide technical support for companies to put in place the Corporate Integrity

System Malaysia (CISM) as a preventive measure against corrupt practices.

- (c) To reinforce corporate governance, integrity, transparency and accountability within the daily operational processes and procedures in companies.

The publication of the toolkit reflects the Government's aspirations and initiatives towards combating corruption. This can be seen in the development of the following related initiatives:

- (a) Introducing *Pelan Integriti Nasional* (PIN) in 2004;
- (b) Establishment of Institute of Integrity Malaysia (IIM) in 2004;
- (c) Transforming the then Anti-Corruption Agency (BPR) to MACC in 2009;
- (d) Introducing the Government Transformation Plan on 28 January 2010; and,
- (e) Introducing the National Key Result Areas (NKRAs) on preventing corruption in 2010.

In furtherance to the successful launch of the toolkit, SSM concluded a one (1) day joint event workshop (free of charge) with TI-M and ISM for 30 CISM signatories on 28 August 2014 at Menara SSM@Sentral, Kuala Lumpur. This workshop provided the participants with open access to important information which they will need to develop their business integrity programme as per the five (5) stages of the CISM value chain.

OUTREACH AND PROMOTIONAL PROGRAMMES

During the year, SSM organised several community outreach and stakeholder's engagement programmes as part of its on-going efforts to promote productive relationships and build stakeholder confidence. Some of these programmes are as follows:

A. CUSTOMER DAY PROGRAMME

The customer day programme is designed to reach out to entrepreneurs so that there is greater awareness of SSM's products and services. This event also enables

SSM to provide information on other value-added services and products available to the business community such as business advisory services that provide guidance on the benefits of registering business to the public.

The objectives of Customer Day programme are:

- a) To identify issues and problems faced by stakeholders;
- b) To enhance the level of service delivery through feedback;
- c) To promote services and products of SSM;
- d) To educate the public on the importance of the existence of fraud schemes and how to avoid becoming victims of fraud; and
- e) To gauge customer satisfaction levels.

This programme is also used as a conduit by the business community to provide feedback directly to SSM on specific issues. The Customer Day programme is organised twice in a year and the response is usually overwhelming.

B. SSM COMMUNITY PROGRAMME

As part of SSM's initiatives to forge closer ties with the business community and the public on the facilities and services of SSM and to ensure they understand its roles and functions, an outreach programme was held as a '*turun padang*' ('going to the grassroots') initiative. The public was briefed on the importance of registering a business and the incorporation of a company as well as how to use the online services offered by SSM. At the same time, mobile counter services were provided for the public to register their business after the briefing. In addition, there were exhibition counters and e-service counters to provide further clarification on the functions of the online services of SSM.

Besides SSM, MDTCC and agencies such as Intellectual Property Corporation of Malaysia (MyIPO), Bank Rakyat, *Perbadanan Nasional Berhad* (PNS), Co-operative Society Commission Malaysia (SKM) and Cooperative College of Malaysia (CCM) were invited to have exhibition booths. The participation of these agencies offered an opportunity to the public to seek information from relevant agencies.

The programme also received active participation from agencies such as *Majlis Amanah Rakyat* (MARA) and *Tabung Ekonomi Kumpulan Usaha Niaga* (TEKUN) which provides information on loans, permit applications etc. In addition, various ancillary activities were held to strengthen ties between the community and SSM such as handling adopted children with their families in the surrounding villages in Kuala Pilah, Negeri Sembilan sporting events, quizzes and lucky draws for visitors.

This programme offers the following benefits to SSM:

- a) Serves as a platform to promote the functions, roles, services and products of SSM;
- b) Enhances a positive image of SSM;
- c) Enhances the image of SSM as a caring organisation which assists entrepreneurs to incorporate a company;
- d) Creates awareness among the public on fraudulent investment schemes that are increasingly rampant in Malaysia; and
- e) increases the level of compliance by providing briefings on Registration of Businesses Act 1956 (ROBA), the Companies Act 1965 (CA 1965) and the role and responsibilities of company directors.

Programmes organised by SSM in 2014 are as follows:

No.	Programmes	Date
1.	<i>Majlis Perhimpunan Bulanan SSM 1/2014</i>	7 January 2014
2.	<i>Sesi Walkabout YBM Bersama Masyarakat Dan Komuniti Penjaja</i>	20 March 2014
3.	<i>Sesi Walkabout YBM Bersama Masyarakat Dan Komuniti Penjaja</i>	21 March 2014
4.	<i>Program Jalinan Strategik SSM Bersama Setiausaha-setiausaha Syarikat</i>	23 March 2014
5.	<i>Bacaan Tahlil & Yasin Sempena Ulang Tahun SSM Yang Ke 12</i>	16 April 2014
6.	<i>Majlis Pelancaran Set Panduan "From Pledge To Practice: A Guide To Implement The Corporate Integrity System In Malaysia"</i>	22 April 2014
7.	<i>Kursus Pemantapan Penjaja Dan Peniaga Kecil Peringkat Negeri Pahang</i>	26 April 2014
8.	<i>Majlis Perhimpunan Bulanan Bil. 2/2014</i>	6 May 2014
9.	<i>Ramah Mesra SSM-MyIPO Bersama Penjaja</i>	27 May 2014
10.	<i>Majlis Perasmian Persidangan Kebangsaan SSM 2014</i>	3 – 4 June 2014
11.	<i>Majlis Anugerah Perkhidmatan Cemerlang & Anugerah Bakat SSM 2013</i>	10 June 2014
12.	<i>Majlis Pertukaran MOU Antara SSM Dengan Jabatan Imegresen Malaysia</i>	19 June 2014
13.	<i>Majlis Dialog Tahunan SSM (Kuala Lumpur) 2014</i>	19 June 2014
14.	<i>Seminar Pembangunan Modal Insan Peniaga Kecil 2014</i>	23 June 2014
15.	<i>Program Jalinan Kerjasama dan Taklimat Bersama Agensi-agensi yang Mengeluarkan Lesen ke Arah Pematuhan di bawah Akta Syarikat 1965 (AS 1965) dan Akta Pendaftaran Perniagaan (APP 1956)</i>	26 June 2014
16.	<i>Hari Bertemu Pelanggan</i>	1 June 2014
17.	<i>Majlis Berbuka Puasa SSM</i>	11 July 2014
18.	<i>Majlis Jalinan Mesra Aidil Fitri SSM</i>	14 August 2014
19.	<i>Hari Bertemu Pelanggan</i>	2 September 2014
20.	<i>Sesi Walkabout YBM Bersama Masyarakat Dan Komuniti Penjaja</i>	21 September 2014
21.	<i>Malam Apresiasi Media KPDNKK Bersama Agensi</i>	26 September 2014
22.	<i>Seminar NPO dan Majlis Menandatangani Pernyataan Persefahaman antara Agensi-agensi Pengawal Selia Organisasi Bukan Berasaskan Keuntungan (NPO) Malaysia</i>	30 September 2014
23.	<i>Program Korban Perdana SSM/MyIPO</i>	5 October 2014
24.	<i>Majlis Malam Jasamu Dikenang Anggota SSM</i>	8 October 2014
25.	<i>Program SSM Bersama Masyarakat Kuala Pilah</i>	12 - 14 December 2014

C. EXCELLENT COLLABORATION WITH THE MEDIA

Collaboration with media owners continued to be strengthened during the year in an effort to deliver quality services to the public. The strategic cooperation between the media and SSM provided an avenue for its stakeholders to stay in touch with the latest developments in the corporate environment throughout the world.

During the year, SSM targeted 95% media coverage (including electronic, print or online media) of all its initiatives and programmes carried out.

Bonding with the Media and Advertising

During the year 2014, as part of its Media Plan, SSM approached local radio stations such as National FM, Bernama Radio 24, Sinar FM, Traxx FM and BFM 89.9. All gave good coverage of SSM's initiatives and programmes.

This year, a total of 660 (newspapers), 16 (radio) and 20 (TV) media events were carried out to report on current issues such as Investment Schemes and Limited Liability Partnerships (LLP). SSM also sought media assistance to locate individuals needed for investigation purposes, highlight collaboration with MDTCC and promote initiatives such as MyCoID and other programmes. A number of media appearances and interviews were also organised to disseminate important information and to promote public awareness of the products and services offered by SSM.

D. COURTESY VISITS BY FOREIGN DELEGATES

During the year, SSM received several courtesy visits from local and foreign counterparts as well as a series of study visits from local university students. During these visits, visitors were briefed on the background of SSM, products and services such as e-Lodgement and e-Info and other on-going initiatives as well as those in the pipeline. The details of the visits during the year are as follows:

COURTESY VISIT TO SSM IN 2014

No.	Programmes	Date
	Delegates Visits To SSM	
1.	<i>Universiti Teknologi MARA (UiTM) Cawangan Chendering, Kuala Terengganu, Terengganu</i>	10 January 2014
2.	<i>Lawatan Jabatan Hal Ehwal Kesatuan Sekerja Malaysia</i>	22 January 2014
3.	Dubai Department of Economic Development (DED)	17 February 2014
4.	<i>Maktab PDRM</i>	7 March 2014
5.	<i>Perbadanan Kemajuan Perusahaan Perak Sarawak</i>	7 March 2014
6.	Accounting And Corporate Regulatory Authority (ACRA)	11 March 2014
7.	World Bank	17 March 2014
8.	SRI College	18 March 2014
9.	SAITO College	18 March 2014
10.	<i>Jabatan Siasatan Jenayah Komersial PDRM</i>	1 April 2014
11.	<i>Pesuruhjaya Tinggi Pakistan</i>	15 April 2014
12.	<i>UiTM Puncak Perdana</i>	8 May 2014
13.	<i>Ketua Pengarah Kastam</i>	16 May 2014
14.	Sunway University	29 May 2014
15.	Kuwait National Fund For SME Development	3 June 2014
16.	<i>Bank Dunia (Misi Pengumpulan Data)</i>	27 June 2014
17.	Kobe University, Japan	13 August 2014
18.	<i>Jabatan Kemajuan Islam Malaysia (JAKIM)</i>	19 August 2014
19.	<i>Kolej Universiti Islam Antarabangsa Selangor (KUIS)</i>	10 September 2014
20.	<i>Persatuan Setiausaha Syarikat Utara (SUTERA)</i>	15 September 2014
21.	<i>Politeknik Ungku Umar, Perak</i>	17 September 2014
22.	KDU College	17 October 2014
23.	<i>Peserta Kursus Kesetiausahaan Syarikat Anjuran M.A.T.A</i>	5 November 2014
24.	<i>Peserta Leadership Development Programme anjuran INTAN</i>	18 November 2014
25.	The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)	10 December 2014

E. LOCAL AND INTERNATIONAL EXHIBITIONS AND EXPOSITIONS

During the year, SSM participated in several domestic and international fairs and expositions. Besides fairs and expositions, SSM was also invited by the Franchise Development Division of MDTCC to participate in international franchise promotion missions to Sydney, Australia, Indonesia, Vietnam and United Arab Emirates. These missions not only served as a platform to franchise companies from around the world to promote their products, systems and the franchise concept, but also offered an opportunity for investors to prospect for new business opportunities in Malaysia.

OUTREACH PROGRAMMES AT STATE OFFICES

The role of SSM state offices throughout Malaysia is equally important as the head office. The state offices organise programmes to educate the business community in their respective states on the need to register their businesses as well as on duties and responsibilities of directors, secretaries and shareholders as well as the new initiatives offered by SSM. The good relationship maintained by the state with the local authorities and municipal councils, trade associations and other enforcement agencies offer SSM a strong base to enlighten members of the public on the functions and roles of SSM. During these programmes, stakeholders and traders are informed of the requirements of the Acts administered by SSM. This approach also helps SSM to facilitate registration of businesses and increase compliance of companies to corporate regulations and procedures.

INTERNAL STAKEHOLDERS' ENGAGEMENT AND COLLABORATIONS

A. 5S QUALITY ENVIRONMENTAL PRACTICE

The 5S certification of headquarters took place on 27 November 2012 at Menara SSM@Sentral. Experiencing the positive impact of its implementation to the organisation, the 5S programme was extended to all state offices of SSM nationwide in 2014. The 5S certification was awarded to all state offices/branches

of SSM by the Malaysian Productivity Corporation (MPC).

For SSM's re-certification of 5S, an audit team from MPC assisted by SSM's 5S internal audit team conducted the audit in 2014. The exercise was done simultaneously at Headquarters and state/branch offices in November and December 2014. The five (5) elements measured by the audit team were productivity, quality of work, cost savings, delivery and safety and morale.

SSM successfully completed the re-certification exercise and was awarded re-certification of 5S for the period 2014 – 2015 by MPC on 3 December 2014.

The certification dates for SSM and the States/Branches are as follows:

Division/States/Branches	Date of Certification
Corporate Resource Division	3 December 2014
Corporate Development and Policy Division	3 December 2014
Legal Services Division	3 December 2014
COMTRAC	3 December 2014
Selangor	3 December 2014
Negeri Sembilan	3 December 2014
Terengganu	3 December 2014
Johor	3 December 2014
Pulau Pinang	3 December 2014
Kuching	5 December 2014
Perak	19 November 2014
Melaka	20 November 2014
Tawau	24 November 2014
Kota Kinabalu	24 November 2014

B. CERTIFICATION OF ISO 9001:2008 AND ITS IMPLEMENTATION AT SSM

ISO 9001:2008 is an international standard used as a reference by an organization to develop a quality management system (QMS). The goal of ISO 9001:2008 is to provide products which can consistently fulfill customer needs and consequently enhance customer satisfaction levels. A secondary goal of SSM in introducing ISO 9001:2008 is to promote continuous improvement of its products.

Towards this end, SIRIM Training Services Sdn Bhd was appointed as the consultant to guide and provide training to the SSM Committee on ISO 9001:2008. However, as SIRIM QAS International Sdn Bhd (SIRIM QAS) is the certification body, it was given the responsibility of carrying out a certification audit of ISO 9001:2008 with the scope being registration of business at SSM headquarters. On 26 September 2014, members of the SIRIM certification body formally approved the certification of ISO 9001:2008 for business registration in SSM headquarters for a period of three (3) years.

C. COMPLIANCE WITH OCCUPATIONAL SAFETY AND HEALTH ACT 1994 AND REGULATIONS

On 9 December 2014, SSM received a visit from the Department of Occupational Safety and Health (DOSH) of Wilayah Persekutuan (JKKPWPK). The purpose of the visit was to measure the level of compliance with occupational safety and health in the workplace. Members of the Health and Safety Committee of SSM and representatives from SEMASA Sentral who oversee security services at Menara SSM@Sentral and Sinar Jernih Bhd who control cleaning services at Menara SSM@Sentral carried out the inspection.

Following a review of documentation and visits to SSM headquarters, DOSH officers expressed satisfaction with the level of compliance to the Occupational Safety and Health Act 1994. SSM has, therefore, qualified for nomination to the Award for Excellence in the public sector/agency category for the year 2015.



COMPANIES COMMISSION
OF MALAYSIA TRAINING
ACADEMY (COMTRAC)

COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY (COMTRAC)

Companies Commission of Malaysia Training Academy (COMTRAC) was established on 1 April 2007 with the objective of spearheading the Companies Commission of Malaysia’s (SSM) external stakeholders training initiatives. COMTRAC’s mission is to train and educate corporate players consistent with SSM’s functions as stipulated under sub-section 17(d) of the Companies Commission of Malaysia Act 2001 (SSM Act 2001) which states:

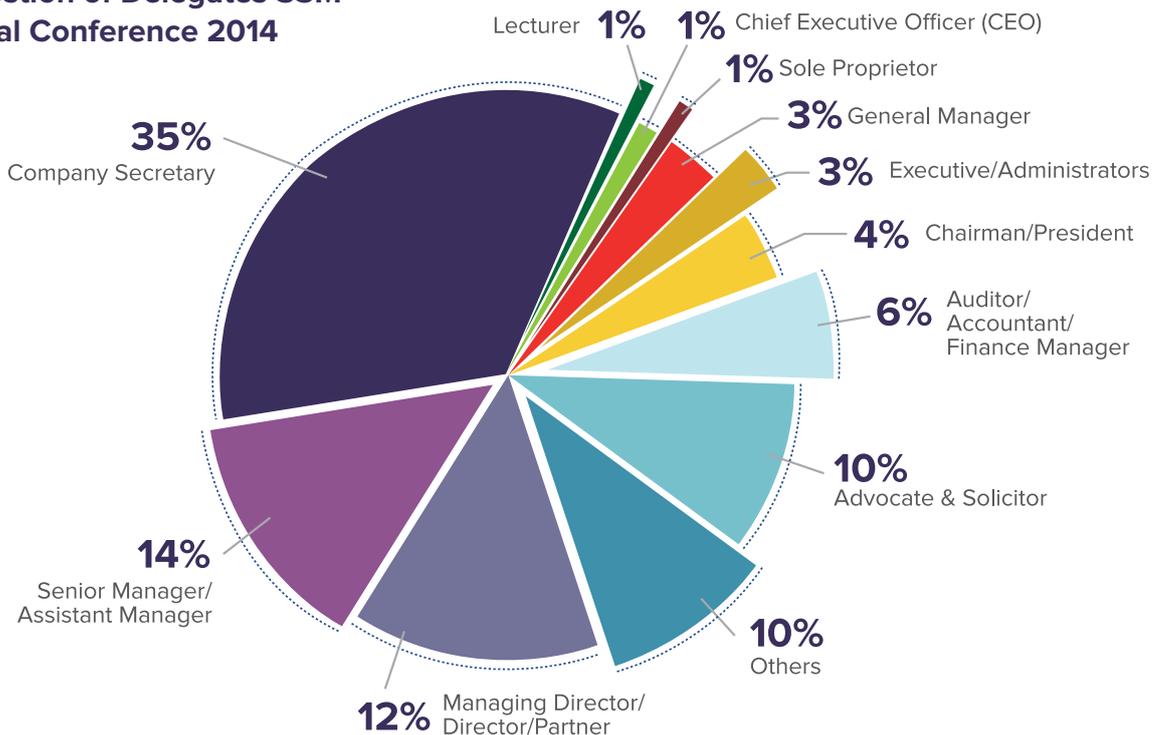
“...to encourage and promote proper conduct amongst directors, secretaries, managers and other officers of a corporation, and self regulation by corporations, companies, businesses, industry groups and professional bodies in the corporate sector in order to ensure that all corporate and business activities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

Under the SSM’s Strategic Direction Plan II 2010 - 2014 (SDP II), the specific responsibility of COMTRAC is to drive Strategic Thrust 5 (*Evolving to a knowledge driven organization to develop competitive intelligence*) towards achieving three (3) End-State Descriptions (ESD) through the structured implementation of strategic projects.

SSM NATIONAL CONFERENCE 2014

The 4th National Conference with the theme, ‘*Modernizing the Companies Act: Impetus for Business Transformation*’ was held on 3 and 4 June 2014 in Kuala Lumpur and was officially opened by Y.B. Dato’ Sri Hasan Bin Malek, Minister of Domestic Trade, Co-operatives and Consumerism (DTCC). The Conference was attended by 351 delegates who comprised of stakeholders with diverse backgrounds from both the public and private sectors.

Composition of Delegates SSM National Conference 2014



A total of 31 speakers, panelists and moderators delivered the following papers at the Conference:

- Keynote Address on 'Taking the Great Leap. Revamping the Companies Act'
- The New Companies Act. The Pain. The Gain. The Journey.
- Starting Business in Malaysia. Reform and Transform.
- Boardroom Excellence. Reshape and Reinforce.
- Shareholders Activism. Initiatives and Impact.
- Audit and Financial Reporting Framework. Rationalize and Streamline.
- No Par Value Regime and Capital Maintenance Rule. Adapt and Adjust.
- Corporate Insolvency Framework. Effective and Efficient.
- Compliance and Disclosure Requirements. Changes and Challenges.
- Corporate Disputes Resolutions: From Boardroom and Shareholders Contestations to Courts and Arbitration Way.

The thrust of the Conference were the key changes under the proposed Companies Bill and its potential implications for stakeholders. Delegates to the conference were not only updated on the progress of the proposed Companies Bill but also gained a better understanding of the key amendments.

SSM REGIONAL CONFERENCE 2014 IN SABAH

The SSM Regional Conference, held in Kota Kinabalu, Sabah on 27 August 2014 with the theme, "Taking the Great Leap. Revamping The Companies Act" was well attended by 188 delegates from Sabah (86.1%), Sarawak (10.7%), Labuan (2.1%) and Kuala Lumpur (1.1%). The delegates were a diverse range of stakeholders from both the public and private sectors and comprised mainly of company directors/ chief executive officers/managing directors (37%) and company secretaries (46%) with the remaining 17% being managers, executives, auditors/accountants,

lawyers, sole proprietors and representatives from Government agencies and Ministries.

A total of eight (8) speakers, panelists and moderators delivered their papers on the following topics at the Conference:

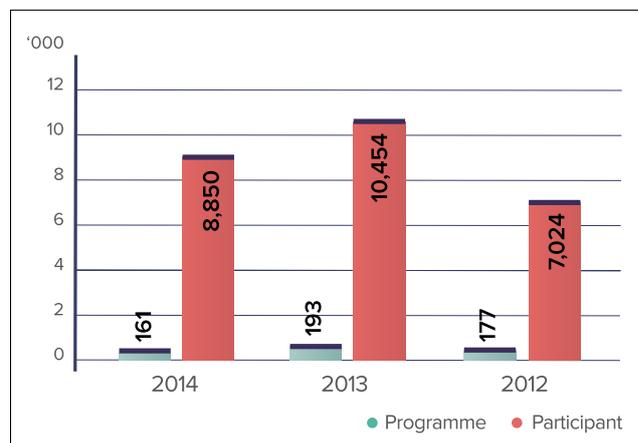
- The New Companies Act. The Pain. The Gain. The Journey.
- Revolutionising Starting Business in Malaysia.
- Reshaping the Board towards Boardroom Excellence.
- Enhancing Shareholders Activism.
- Rationalizing Audit and Financial Reporting Framework.
- Getting Prepared for No Par Value Regime and Capital Maintenance Rule.
- Transforming Corporate Insolvency Framework.
- Compliance and Disclosure Requirements.

EDUCATION AND TRAINING PROGRAMMES

A. STAKEHOLDERS' EDUCATION AND AWARENESS

In 2014, COMTRAC conducted a total of 161 programmes (2013: 193) which saw attendance of 8,850 participants (2013: 10,454).

Stakeholders' Participation in Education and Awareness Programmes from 2012 to 2014



Overall the corporate programmes conducted during the year are as follows:

Programme	Number of Programmes	Number of Participants
Corporate Directors Training Programme (CDTP) <ul style="list-style-type: none"> • CDTP Fundamental • CDTP Intermediate • CDTP Advanced • CDTP Human Resource Management • CDTP Fundamental Co-Organised 	16	443
Company Secretaries Training Programme Essential	21	1,322
Company Secretaries Training Programme Significant	15	799
Continuing Education Programme	29	1,403
Corporate Tea Talk	16	1,186
In-House Training Programme	40	1,258
Collaboration Programme	22	1,900
SSM National Conference 2014	1	351
SSM National Regional Conference 2014	1	188
Total	161	8,850

B. CORPORATE DIRECTORS TRAINING PROGRAMME (CDTP)

The Corporate Directors Training Programme is specifically structured for company directors, company secretaries, chief executive officers, chief operating officers, chief financial officers, companies' top management, corporate employees, foreign investors, innovators and entrepreneurs with the topics focusing on the roles and responsibilities of company directors and officers of the company. The programme which is structured as CDTP series of programmes are as follows:

- CDTP Fundamental
- CDTP Intermediate
- CDTP Advanced
- CDTP + Human Resource Management

Through participation in any CDTP programme, participants will be able to:

1. Develop a good understanding of the concept, features and characteristics of a company;
2. Outline the roles and responsibilities of a company director, company secretaries and auditors;
3. Know the rights and limitations of a director with respect to proper conduct of board and general meetings;
4. Identify the common offences committed by directors under the CA 1965;
5. Comprehend the key compliance requirements of the Companies Act (CA 1965);
6. Implement good corporate governance practices in managing companies and displaying a professional commitment to ethical practice;
7. Understand directors' responsibilities in corporate taxation;
8. Read and interpret financial statements;
9. Understand the concept of risk management and internal control and their co-relations with corporate governance; and
10. Establish a framework for effective human resources management in their companies.

Each CDTP series is sub-divided into modules. The modules under the CDTP Fundamental are as follows:-

Module 1 : Dynamics of a Company

Module 2 : Key Role Players in a Company-Functions and Responsibilities

Module 3 : Fundamentals of Corporate Governance

Module 4 : Fundamentals of Corporate Responsibility

Module 5 : Fundamentals of Financial Statements

Module 6 : Introduction to Innovation

The modules under the CDTP Intermediate are as follows:

Module 1: Roles and Responsibilities of Directors, Company Secretaries and Auditors

Module 2: Law and Practice of Meetings

Module 3: Implementation of Corporate Governance

Module 4: Implementation of Corporate Responsibility

Module 5: Implementation of Innovation

Module 6: Top Ten Common Offences Committed by Directors under the Companies Act 1965

Module 7: Introduction to Taxation

Module 8: Understanding Financial Statements

The modules under the CDTP Advanced are as follows:

Module 1: Roles and Responsibilities of Directors, Company Secretaries and Auditors and Case Study

Module 2: Top 10 Common Offences under Companies Act 1965 and Case Study

Module 3: Strategic Innovation and Case Study

Module 4: Business Sustainability and Case Study

Module 5: Risk Management and Internal Control and Case Study

The modules under the CDTP Fundamental + Human Resource Management are as follows:

Module 1: Dynamics of a Company

Module 2: Key Role Players in a Company-Functions and Responsibilities

Module 3: The Fundamentals of Corporate Governance

Module 4: The Fundamental of Corporate Responsibility

Module 5: The Fundamental of Financial Statements

Module 6: Introduction to Innovation

Module 7.1: Principal Malaysian Labour Legislations

Module 7.2: Introduction to Human Resources Management

Module 7.3: Managing Relationships between Employer and Employee

Module 7.4: Effective Human Resource Management and Leadership

In 2014, a total of 16 CDTP programmes were organised and attended by 443 participants. Programme details are as follows:

CDTP Series	No. of Programmes	No. of Participants
CDTP Fundamental	4	112
CDTP Intermediate	3	75
CDTP Advance	3	71
CDTP + Human Resource Management (SSM-PSMB)	2	39
CDTP Fundamental (Co-organised with Partners)	4	146
Total	16	443

C. COMPANY SECRETARIES TRAINING PROGRAMME (CSTP) ESSENTIAL

The Company Secretary Training Programme (CSTP) Essential is a mandatory course under the Continuing Professional Education (CPE) points scheme for licensed company secretaries who were issued with company secretarial licences by the Registrar of Companies under section 139A(b) of the CA 1965.

The CSTP Essential is designed for existing and aspiring company secretaries and aims at enhancing their knowledge, skill and competencies required of their advisory role to the board of directors. Although CSTP Essential is primarily targeted at licensed company secretaries, other corporate role-players such as company secretaries of prescribed bodies,

company directors, members of management and support staff too can benefit from this programme and apply the acquired skills set in managing their companies.

Participants of the CSTP Essential modules will be able to:

- Develop a good understanding of the concept and features of a company;
- State the role and responsibilities of company secretaries;
- Outline the roles and responsibilities of key role players in a company;
- Apply the knowledge in managing statutory books and company meetings; and
- Identify key offences under the CA 1965.

CSTP Essential consists of three (3) parts with two (2) modules for each part and participants are deemed to have completed the programme on attending all three (3) parts of the CSTP Essential. Details on the three (3) parts of CSTP Essential are as follows:-

PART A

Module 1 : Anatomy of a Company

Module 2: Roles and Responsibilities of Company Secretaries

PART B

Module 3: Key Role-Players in a Company - Directors, Officers, Shareholders and Auditors

Module 4: Managing the Registered Office, Statutory Books, Returns and Other Documents

PART C

Module 5: Managing Company Meetings

Module 6: Navigating Compliance: Key Offences under Companies Act 1965

In 2014, 21 CSTP Essential programmes were organized in Kuala Lumpur, Penang and Kuching, attended by 1,322 participants. However, the take up rate in 2014 declined by 31.6% compared with 2013 (1,934 participants) as a number of licensed secretaries who had been attending this programme since 2010 had moved on to attend the follow-up programme, namely the Company Secretaries Training Programme (CSTP) Significant.

D. COMPANY SECRETARIES TRAINING PROGRAMME (CSTP) SIGNIFICANT

CSTP Significant is designed as a follow-up programme from the CSTP Essential and was introduced in 2013.

On completion of the course, participants to the CSTP Significant modules will be able to:

- Establish good corporate integrity values and ethics;
- Identify the company secretary's role in combating money laundering and terrorism financing;
- Integrate corporate governance and corporate responsibility into company's operations;
- Identify the key challenges and issues affecting the company secretaries' daily functions; and
- Read and interpret financial statements.

The CSTP Significant programme consists of three (3) parts with two (2) modules for each part. To complete the programme, participants are required to attend all three (3) parts of the CSTP Significant. Details of the parts of CSTP Significant are as follows-

PART A

Module 1 : Advocating Integrity and Ethics in the Boardroom

Module 2: Roles and Responsibilities of Company Secretaries in Combating Money Laundering and Terrorism Financing

PART B

Module 3: Company Secretary: Walking the Balance between Professionalism and Performance

Module 4: Integrating Corporate Governance into Company Operations

PART C

Module 5: Integrating Corporate Responsibility into Company Operations

Module 6: Understanding Financial Statement for Company Secretaries

Of the 15 CSTP Significant programmes organized, 12 were in Kuala Lumpur and three (3) in Miri. The programmes were attended by 799 participants.

E. CONTINUING EDUCATION PROGRAMME (CEP)

The Continuing Education Programme (CEP) is designed to deliberate in detail selected key strategic topics which are relevant to the corporate and economic sectors. The programme is designed for the board of directors, company secretaries, chief executive officers, chief operating officers, chief financial officers, companies' top management, corporate employees, foreign investors, professionals, innovators and entrepreneurs.

During the year 2014, a total of 29 programmes (2013: 43) were organised in Kuala Lumpur, Kuching, Sibul, Johor Bahru, Bintulu and Kota Kinabalu. The programmes were attended by 1,403 participants (2013: 2,362).

F. CUSTOMISED EXTERNAL IN-HOUSE TRAINING PROGRAMME

COMTRAC also conducted in-house training for board of directors and officers of various organisations. A total of 40 (2013: 32) customised in-house programmes were conducted for the following organisations with 1,258 (2013: 1,015) participants.

Programme Title	Organisation
Corporate Directors Training Programme Fundamental	Terengganu Incorporated Sdn Bhd
Corporate Directors Training Programme Essential	Lembaga Juruukur Bahan Malaysia
Corporate Directors Training Programme Intermediate	IIUM Holdings Sdn Bhd
Business Sustainability, Risk Management and Internal Control	IIUM Holdings Sdn Bhd
The Companies Bill	Axiata Berhad
The Companies Bill	Azmi & Associates
The Companies Bill	Khazanah Berhad
Corporate Directors Training Programme Advanced	Akademi Perbadanan Kemajuan Negeri Selangor (Akademi PKNS)
Company Secretaries Training Programme Significant Part A, B and C	Malayan Banking Berhad (MBB)
Roles and Responsibilities of Company Directors / Fundamentals of Corporate Governance/ Common Offences Committed By Company Directors under the "Corporate Directors Leadership and Integrity Programme".	Institut Tadbiran Awam Negara (INTAN) dan Institut Integriti Malaysia (IIM)
Corporate Directors Training Programme Fundamental	Pertubuhan Peladang Negeri Johor
Corporate Directors Training Programme Fundamental	Kolej Poly Tech Mara Melaka
Related Party Transactions – From Governance, Risk and Compliance Aspects	Malaysia Airport Holdings Berhad (MAHB)
Companies Limited By Guarantee under the Companies Act 1965	Prokhas Sdn Bhd
Essential of Companies Act 1965	Suruhanjaya Pencegahan Rasuah Malaysia (SPRM)
Corporate Governance Essentials	Akademi Audit Negara
Corporate Directors Training Programme Essential	Pihak Berkuasa Kemajuan Pekebun Kecil Perusahaan Getah (RISDA)
Corporate Directors Training Programme Essential	MYAngkasa Amanah Berhad
Company Secretaries Training Programme Significant Part A, B and C	Petroleum Nasional Berhad (PETRONAS)
Corporate Directors Training Programme Fundamental	PIJ Holdings Sdn Bhd
Roles and Responsibilities of Company Directors and Common Offences Committed by Directors under the Companies Act 1965	Malaysian Directors Academy (MINDA)

G. COLLABORATION WITH PROFESSIONAL BODIES/ORGANISATIONS

COMTRAC continued its extensive collaboration with external stakeholders as co-operation and relationship management with stakeholders are crucial in addressing their needs. During the year, COMTRAC collaborated with ten (10) organisations to conduct 22 (2013:32) joint training programmes for 1,900 (2013: 1,897) participants. The details of the programmes conducted are listed in the table:

Programme Title	Collaboration Partner
Limited Liability Partnership	Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
Company Limited By Guarantee, Companies Act 1965	Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
Children Right's Business Principles - Training of Trainers	United Nations Children's Fund (UNICEF)
Competition Act 2010 - Better Business with Competition Compliance	<i>Suruhanjaya Persaingan Malaysia (MyCC)</i>
GST Awareness Programme	MDTCC, Ministry of Finance (MOF) and Royal Malaysian Customs
Governance, Risk and Control for Company Secretaries	Institute of Approved Company Secretaries (IACS)
Stay Competitive. Strengthen Corporate Responsibility Adopt Corporate Integrity System Malaysia	<i>Institut Integriti Malaysia (IIM)</i>
Strengthening the Internal Control Mechanism of Non-Profit Organisations in Malaysia to Combat Money Laundering and Financing of Terrorism	<i>Jabatan Pendaftaran Pertubuhan Malaysia dan Lembaga Perkhidmatan Kewangan Labuan</i>
New Companies Bill	Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

H. CORPORATE TEA TALKS

The Corporate Tea Talk Series is an initiative to provide non-fee training to educate and create awareness among corporate professionals and entrepreneurs on regulatory developments. A total of 16 (2013: 18) talks were conducted in 2014 and attended by 1,186 (2013: 1,623) participants. During the year eight (8) sessions were conducted at Kuala Lumpur, two (2) sessions in Penang, one (1) session in Ipoh, one (1) session in Kuantan, two (2) sessions in Johor Bahru, one (1) session in Kota Kinabalu and one (1) session in Kuching.

The topics conducted in 2014 are listed in the table below:

Programme Title	No. of Sessions	No. of Participants
Getting To Know SSM e-Services	4	139
Updates on Anti Money Laundering and Counter Financing Terrorism Related to the Non-Profit Organisation	1	230
Updates on Anti Money Laundering and Counter Financing of Terrorism Related to Non-Profit Organisations and Interest Scheme	3	261
Malaysia's Competitiveness Performance: Issues and Challenges	1	115
Getting to Know Corporate and Business Information data (CBID) and the Expansion of <i>Pembangunan Sumber Manusia Berhad Act 2001</i> (PSMB Act 2001)	7	441
Total participants	16	1,186

I. SSM'S TRAINING PROGRAMMES ON 'STARTING A BUSINESS'

As part of SSM's corporate responsibility, COMTRAC continued to provide non-fee training to educate and create awareness among new graduates, unemployed graduates of higher learning institutions and would-be entrepreneurs to encourage them to venture into business. In 2014, COMTRAC was invited to conduct training sessions on 'Start Your Own Business: Registration of Business and Limited Liability Partnership (LLP) and Incorporation of Companies' and other related topics at 44 events organised by various organisations. These events attracted a total of 2,323 participants.

J. GOODS AND SERVICES TAX (GST) EDUCATION AND AWARENESS PROGRAMME FOR PETTY TRADERS AND SMALL BUSINESSES GROUPS

This non-fee training was organised by SSM to provide free training to educate and create awareness among petty traders and small businesses groups on GST which will be implemented on 1 April 2015 by the government. A good understanding of the fundamental of GSTs will enable them to prepare and play effective roles as petty traders and businessman in a competitive business environment.

A total of 405 petty traders and small businesses attended this programme which was organised at Rural Transformation Centre (RTC), Kota Bharu, Kelantan. Speakers from various agencies presented papers with the topics covered as follows:-

Session	Programme Title	Organization
i.	Salient Features of GST and Impact on Consumers/ Traders	Royal Malaysian Customs
ii.	The Price Control Acts and Anti Profiteering Act 2011	MDTCC
iii.	Subsidy Rationalisation	Ministry Of Finance (MOF)

K. STABILIZING TRAINING PROGRAMME FOR PETTY TRADERS AND SMALL BUSINESSES PHASE II

The programme for petty traders and small businesses Phase II for 2014 was conducted by SSM in collaboration with other agencies such as MDTCC, Majlis Amanah Rakyat (MARA), Amanah Ikhtiar Malaysia (AIM), Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN), Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT), Bank Rakyat, SME Corp, the Malay, Chinese and Indian Chambers of Commerce, the Malay, Chinese and Indian Petty Traders and Small Business Associations and other related agencies.

The programme was designed for small businesses and petty traders with the objectives of enhancing knowledge, improving skills and promoting good governance in doing business. A total of three (3) programmes involving petty traders and small businesses were organised in Pahang, Kuala Lumpur and Perak with an attendance of 1,358 participants.

Date	Programme Title	Venue	No. Of Participants
26 April 2014	Stabilising Training For Petty Traders and Small Businesses	Dewan Jubli Perak Sultan Hj Ahmad Shah, Jalan Teluk Sisek, Kuantan, Pahang.	539
23 June 2014	Seminar Pembangunan Modal Insan Peniaga	Dewan Serbaguna, Pusat Komersial Komuniti Penjaja, Bandar Tun Razak, Kuala Lumpur.	409
13 September 2014	Seminar Pembangunan Modal Insan Peniaga	Dewan Saidina Abu Bakar, Institut Tadbiran Islam Perak, Jalan Raja Musa Mahadi, Ipoh, Perak.	410



CHALLENGES AND THE WAY FORWARD 2015

CHALLENGES AND THE WAY FORWARD 2015

On 16 April 2002, the Companies Commission of Malaysia (SSM) was established as a statutory body responsible for the registration of corporate and business entities in Malaysia and as custodian and supplier of corporate information. Its other major roles were to ensure compliance with the law while promoting good corporate governance practices and business sustainability. A natural corollary of this function is being responsible for the provision of appropriate training to the corporate community.

Although SSM has seen vast improvements since its establishment due to its multifaceted roles, it continues to face exacting challenges to keep pace with stakeholders' expectations which stem from the underlying pressure for change as a result of social, economic and technological advancements. Furthermore, SSM needs to maintain its relevance as the catalyst for the growth of the domestic corporate community and enable it to compete in the ever evolving global economic environment.

In recent years, there has been rather high expectations for efficient public service delivery. The traditional model of a near-monopoly provider of utilities and of transport infrastructure and services had contributed exceptionally to the development of the nation. However, the model's ability to adapt to political, social and global economic changes has been drawn into question. Since the days of ROC and ROB, the public has become increasingly aware of the quality of the services they receive and the choices available to them. The need to respond to technological changes, especially in public service delivery, has burdened SSM with escalating operational costs.

Increasing operational costs has come with stakeholder demand for a more efficient, transparent and better customer-oriented service delivery and the provision of solutions to more complex business issues while retaining their existing social entitlements. The major challenge for SSM is to seek new avenues to meet these demands while maintaining a balance between the constraints of tight expenditure limits and stakeholder expectations. Thus in the next few years, SSM expects to face some of its toughest challenges

yet as a Registrar in a rapidly changing economic environment.

SERVICE DELIVERY

One of SSM's main initiatives is to enhance public sector performance in an increasingly competitive global market. Therefore, SSM seeks to excel in service delivery through operational excellence which in turn is expected to result in cost savings for end-users. Towards this goal, the Transformation Management Section was created to implement SSM's Organisational Transformation Programme that will streamline, develop and enhance SSM's operations and capabilities, leading to increased cost savings and improved service delivery to its stakeholders.

Some of the measures SSM initiated to enhance operations were to introduce changes in the process of incorporation of companies in Malaysia. On 16 May 2013, SSM implemented the mandatory online incorporation of companies through Malaysia Corporate Identity Number (MyCoID) which resulted in the phased cessation of such services over the counters throughout Malaysia as reflected in this year's report. The initiative, which allows companies to be registered in just one day and registration with relevant agencies in a single touch point, was implemented to streamline SSM's services. This initiative had the desired effect of simultaneously, simplifying and consolidating the incorporation process via the automated MyCoID portal.

SSM strives to achieve continuous improvement in the quality and efficiency of its service to meet client satisfaction. A move towards this overriding goal is reflected in SSM's collaboration with SIRIM Berhad to establish a document quality management system which in turn has earned SSM the MS ISO 9001: 2008 certification from SIRIM Berhad for the major process of business registration at the head office. On 1 April 2014, SSM introduced a new simplified registration form for new business registration and changes in business information which has led to a marked reduction in time taken to register a business.

In keeping with the current global investment trends that are showing positive signs for the Syariah-compliant investment framework, more players in the industry are keen to operate schemes which are based on Islamic principles. It could also pave the way for the industry to explore new markets in the Middle East. SSM had facilitated what were initially industry driven initiatives leading to the registration of two (2) Syariah compliant interest schemes as at 2014.

In order to establish a Syariah governance framework for interest schemes, in collaboration with a consultant to formulate guidelines to enable the offering of interest schemes based on the principles of Syariah. The consultant was founded by the International Syariah Research Academy for Islamic Finance and the Malaysian counterpart was established under Bank Negara Malaysia (BNM). The guidelines are in the final stages and are expected to be launched in 2015.

With a view to improving the interest scheme registration and management framework, an intensive workshop was held from 28 to 30 May 2014, which culminated in a more vigorous and stringent evaluation process for new schemes comprising quantitative and qualitative analysis. The new evaluation method encompasses the use of a score rating tool based on the analysis of 15 key indicators including financial performance review, past track record, scheme viability and appropriate level of investor protection. This evaluation method which assesses the operators' capabilities, capacity and experience to undertake the proposed scheme was implemented for new interest scheme applications in 2014.

It is interesting to note that interest schemes have emerged as an alternative method for growing companies to obtain funds for business expansion. There are 195 (2013: 193) interest schemes registered with SSM as at 31 December 2014. When a company is able to obtain a foothold in the industry and sustain a steady growth rate through funding from the interest scheme, it can gradually improve its position and finally venture into the open capital market to seek more capital from investors, both locally and abroad.

In 2014, the media reported that two of SSM's registered Interest Scheme companies had announced their plans to float the shares on stock exchanges in the Asian region, namely, the Nirvana group at the Hong Kong Exchange and Agro Equities Berhad at

the Singapore Exchange. The enlightening news will inspire other players in the interest scheme industry to expand and ultimately list their companies in the open capital market to attract capital market investors.

At the same time, to further improve Malaysia's ranking from its current 23rd position by the World Bank in the area of "Getting Credit" in its Doing Business 2015 report, SSM initiated steps to identify weaknesses to ensure better ranking by the World Bank in subsequent years. SSM will be working to develop an online portal for registration and discharge of charges which is expected to be implemented in 2015. The online registration process and discharge of charges will provide stakeholders with end-to-electronic service and this initiative is likely to significantly improve service delivery efficiency.

Furthermore, various incentives have been introduced by the Government for hawkers and petty traders. These include the *Pelan Insurans 1Malaysia Penjaja dan Peniaga Kecil Nasional (PIMPIN)* and *Program Penjaja 1Malaysia (PP1M)* to spur national growth. *PIMPIN* is an insurance protection cluster scheme introduced through the Ministry of Domestic Trade, Co-operatives and Consumerism via Bank Rakyat which provides free 24-hour protection to all merchants nationwide. Meanwhile *PP1M* is part of the National Blue Ocean Strategy 7 which has the objective of ensuring the cleanliness of the physical area for the provision of healthy food and a safer working environment. SSM fully supports the Government's Strategic Initiatives for Hawkers and Petty Traders Development 2015-2020 which will benefit over one million hawkers and petty traders nationwide. The plan which is based on four strategies, namely reinforcing the eco-system, strengthening competitiveness, developing human capital and financial sustainability will provide for an orderly and structured economic development of the sector.

Through its Training Academy (COMTRAC), SSM supports Government efforts to achieve a fully developed, high income nation by strengthening and enhancing knowledge on sustainable business practices. Besides organising the SSM National Conference 2014 in Kuala Lumpur, the Regional Conference 2014 in Sabah and tailor-made courses that cater to specific needs of organisations, COMTRAC plans to collaborate with universities and professional bodies with the objective of providing

stakeholders with updates on developments in the corporate environment.

ENFORCEMENT INITIATIVES

Given the increasingly volatile economic environment that businesses operate in, there is need for the global corporate framework to evolve continuously. Responding to this need, a new dynamic and modern legal framework was proposed, the Companies Bill, to replace the existing Companies Act 1965 (CA 1965). The Companies Bill emanates from a significant law reform initiative that will enhance and add vibrancy to the business environment in Malaysia.

To encourage greater integrity, transparency and ethical business practices as well as the internalisation of anti-corruption programmes among the corporate community, SSM published a toolkit entitled *“From Pledge to Practice: A Guide to Implement The Corporate Integrity System Malaysia (CISM)”*. This toolkit which introduces the CISM Value Chain comprises a comprehensive framework for companies and businesses planning to achieve corporate integrity. The Best Business Practice Circular explains each stage of the process and offers a detailed description and guidance for companies to adopt the overall system. More importantly, CISM aims to inculcate and promote good corporate responsibility practices and integrity for adoption by small and medium-sized entrepreneurs.

SSM’s relentless efforts in ensuring compliance to the mandatory lodgement of annual returns together with the audited financial accounts have resulted in achieving a commendable compliance rate of 92% for year 2014. In order to strengthen enforcement actions, SSM’s enforcement strategy in 2015 will focus on monitoring of business activities by entities incorporated or registered with SSM to ensure that they are not involved in money laundering and terrorist activities in Malaysia. Towards this, SSM will intensify ‘direct stakeholders engagement’ initiative which will involve company secretaries and directors of companies to promote compliance with the Acts administered by SSM and to promote a higher level of corporate governance among the business community.

SSM will continue to organise community outreach programmes to familiarise stakeholders with its products and services. These programmes are an

important medium for SSM to understand and address the issues and concerns of stakeholders. Such programmes will also enable SSM to receive continuous feedback for service quality improvement. Added to this are the annual dialogues and Corporate Practice Consultative Forums (CPCF) with prescribed bodies, stakeholders and professional organisations with the intention of promoting understanding, updating members on new SSM products and services, policies, technical matters and to foster a closer relationship. These dialogues and outreach programmes are envisaged to provide an avenue for the exchange of ideas and dissemination of information to improve overall efficiency of SSM.

Going forward, SSM will stride ahead with its transformation programme to usher in significant changes to its overall delivery system, particularly in corporate governance and transparency towards fulfilling its vision of being a world class registrar. SSM’s roles and functions have evolved from being a mere Registrar of companies and businesses to a regulatory and enforcement body in line with the needs and aspirations of the stakeholders and business community and the evolving corporate environment. SSM will also intensify its efforts to create a business environment that is conducive which will make Malaysia the preferred destination for doing business. SSM will continue proactive initiatives to further consolidate its goal of a conducive and transparent corporate framework to enable the business community to create a competitive and dynamic business environment as the nation progresses towards Vision 2020.

STATEMENT OF INTERNAL CONTROL



STATEMENT

OF INTERNAL CONTROL

INTRODUCTION

Corporate governance is a significant global practice. It calls for the corporate sector to set in place mechanisms, processes and relations to control and direct corporations. In a globalised economy, no country can afford to operate its business and or manage its corporations in isolation. The rise of an assertive social media and the accompanying empowerment of investor watchdogs have forced corporations and investment bodies to ensure that best practices and governance principles are implemented. Naturally this has resulted in attention being drawn to any instance of non-compliance while investments are encouraged.

Regulatory bodies have also come under the radar of social media and investor watchdogs as succinctly stated in the latin phrase, *quis custodiet ipsos custodes?*, literally translated as 'who watches the watchers' or alternatively 'who guards the guards'. Undoubtedly it serves as a constant reminder that the guards should guard themselves well. Consequently, in the case of a regulatory agency such as SSM, it should have a strict sense of control and compliance built within its organisational culture with a distinct line of reporting for proper segregation of powers and accountability.

The recent financial calamity in the world markets has shown that it takes a long time to build up trust but seconds to destroy it. As a regulator, any loss of trust in its capability may be disastrous as it will likely erode confidence in its mandate towards society. Having a strong internal governance system and structure is one aspect of being a good regulator. To complete the equation, transparent and vibrant monitoring by stakeholders on its activities would ensure that governance, control and accountability are practised by all.

Instant and readily available information via the web coupled with openness and transparency of the Internet and social media have led to assertive stakeholders and public who regulate regulators in a manner where their actions and practices are always on the spotlight. This constant surveillance and

scrutiny of actions would encourage core governance ingredients such as transparency, accountability, stewardship and integrity to flourish. Regulators are also beholden to ensure that a mandatory solid framework and control mechanism would be in place for such vital core ingredients to take root.

The prime objectives of internal controls within the organisation are:

- To ensure integrity and continuity of businesses registration and incorporation of company functions as well as well another related activities are performed in a manner that guarantees the aspirations of various stakeholders in relation to national economic competitiveness.
- The activities of enforcement are carried out with due regard to the legislative laws and processes in order to reassure its stakeholders that authority and enforcement powers provided by the law are managed, controlled and exercised with due diligence.
- The integrity of corporate and business information is always preserved as it is of paramount importance that's take holders accept such information without question.
- As an autonomous, independent and self financing authority, its internal management and operations are imbued with governance principles as is expected of a regulatory body such as SSM.

RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITIES

The commission members, being custodians of SSM, are acutely aware of their responsibility to create a conducive milieu within the organisation to achieve its mission, goals and objectives. The risk management and internal control systems have been developed and implemented by management with the assistance of process owners from various divisions within the organisation. The divisions have formulated policies

and procedures together with relevant process controls to manage the associated risks.

The management is accountable to the board for putting in place and effective risk management framework with an internal control system as a strong check and balance mechanism within the organisation thereby protecting the interests of SSM and its stakeholders. The annual financial statements of SSM are reviewed by the Audit & Risk Management Committee (ARMC) together with the state of internal controls via the activities of the Internal Audit Section (IAS) as stated specifically in the ARMC charter of SSM.

ARMC is an oversight committee tasked with monitoring internal audit and the risk management functions within SSM. Commission members choose from among themselves to form the ARMC and appoint their own chairman. The primary function of ARMC is to continuously review and evaluate the adequacy and integrity of internal controls and the risk management function of SSM. This is in line with the role of commission members as custodians of SSM on behalf of the country.

RISK MANAGEMENT

Risk management is a preventive process in which occurrence of an event is avoided or its repercussions minimized to the lowest possible level through reporting mechanisms. We are aware that risk can only be managed but never eliminated. Examples of risk-based approaches used include risk-based supervision, strategic enforcement, product and regulatory reviews and disaster recovery for IT and facilities.

The objectives of such efforts are to:

- Assure all stakeholders that all aspects of risks in the organisation are constantly identified and managed;
- Enhance the decision making process of the Commission and management by exposing them to all manner of risk awareness;
- Promote transparency and good governance through the mandatory presence of the internal auditor for all stages of the tender process including final decision making;

- Facilitate information sharing, work coordination and clear line-of-sight to achieve more efficient use of resources and avoid duplication of efforts; and
- Provide a common risk assessment approach where risks are defined and aligned with assessing concerns as either acceptable, unacceptable or tolerable;

Through enterprise risk and business planning processes, work goals, strategies and programmes are aligned across the organisation with key risks in the business environment. The key risks may arise from SSM's areas of responsibility in the corporate and business sector and relate to operational and resource issues in light of our multiple functions as custodian, registrar and enforcer. In addition, we assess the effectiveness of our work processes, standard operating procedures (SOP), organisational-wide controls (either system or operational based) and governance practices in mitigating risks to the lowest possible level against our business mission, goals and objectives.

Risk is managed through both top-down and bottom-up approaches in which divisions as the end process owners would identify and assess risks affecting the organisation in all aspects, i.e. in SSM's multiple functions as an independent autonomous federal regulatory body, as custodian of statutory company documents and as an enforcement agency for legislated laws related to companies and businesses in Malaysia. This is achieved by creating an organization-wide comprehensive risk profile by the Risk Management Unit (RMU). The risk process is constantly monitored by management with regular reviews by RMU. When carrying out their regular audits, internal auditors would take into account such risks and plan their programmes accordingly. However, potential risks identified are immediately reviewed in order to update the risk profile and to ensure preventive measures are taken immediately to mitigate the risk.

For the year 2014, RMU conducted the following processes:

- Completion of the risk profile of the entire process of Registration of Business.
- Completion of risk assessment activities of enforcement by the Compliance and Investigation Division in relation to the 2011 Federal Audit findings

that called for a complete risk profile of core activities of this division. These risk assessment activities of enforcement commenced in 2014.

- Commencement and ongoing profiling of processes and related activities of incorporation of companies.

INTERNAL AUDIT

As part of broader efforts to ensure the system of checks and balances, so essential to governance, operates as designed, the internal audit process conducted by IAS is independent of management and operations, thus providing an assurance on the adequacy and integrity of the internal control system. In the interest of independence and objectivity, the Head of IAS reports administratively to the Chief Executive Officer and functionally to ARMC. Transfers to and from IAS are effected with the approval of ARMC.

The auditing process is not pre-mediated as it is IAS that decides on the areas of focus for a calendar year. The focus areas form part of its internal audit plan which is subsequently reviewed and approved by the ARMC.

Upon completion of the audit process, an exit meeting is held with auditee to ensure that auditee has a clear understanding of IAS concerns and the possible remedial action that can be taken or would be taken to address the auditor's concerns. The final report would be presented to the respective process owner and senior management. Prior to the ARMC meeting to update members on the current situation, an audit pre-council is held with senior management to discuss the remedial actions that have been taken in relation to audit findings to-date.

Via regular meetings, ARMC deliberates on the findings, and if necessary, highlights matters to the board for further deliberation, and if necessary, issues instructions to management for rectification.

For the year 2014, IAS reviewed the following areas, namely:

- The entire state and branch offices with the audit review covering operational, enforcement and administrative aspects.

- A review of corporate information process (related to the corporate custodian function of SSM) involving corporate and business data, corresponding images supporting corporate data as well as work process and its associated internal controls.
- Functional review of certain divisions of the enforcement office.
- Functional and operational review of the information systems division and all related activities.
- Review of certain aspects of administrative, financial and human resource management functions of the organization.

INTERNAL CONTROL

The key elements of control functions within SSM include the following:

- A clear and defined organizational reporting structure with designated lines of reporting and authority
- A consistent policy of training and identification of potential candidates for succession planning so as to enable continuity of critical decision making functions in the event of absence of decision making authority.
- The annual key performance indicators (KPI) and key performance target (KPT) formulation and assessment with constant realignment and refinement of process and procedures to achieve the desired objectives in support of vision and mission of the organization.
- Constant re-evaluation of controls in systems and procedures for effectiveness and suitability in the current operating situations.
- A paradigm change in the manner of work processes and procedures in which working labs were organized at a functional level to rethink current manner of work process and adopt a different process approach but with the same final objective in view of preparation to Organization Transformation Process (OTP) and major amendments to the Companies Act 1965 scheduled to be tabled in the year 2015.

- The existence of an integrity section that would monitor good conduct and integrity of staff and investigate all possible instances of misconduct by any staff.
- The computerization of processes that are high risk for possible abuse such as leave, claims and advances in which application is online and approving authorities are aware of the history and supporting documents tendered online to support such claims.
- A blanket conflict of interest declaration requirement that requires any staff to declare any possible interest or relationship that he or she may have and in which he or she is in a decision making position or has possibility of influencing the said decision.
- The SOP on the procurement process which defines and where procedures are clearly set out specifying and segregating technical and commercial committees which are independent of each other and whose recommendations would be then considered by an independent procurement committee.
- The involvement of the internal auditors as independent observers at all stages of the tender process that promotes transparency and accountability.
- The IT User Policy established to ensure effective protection and proper usage of the SSM's computer systems and peripherals serves as a guide for efficient and disciplined IT Department management and provides unambiguous and precise reference for IT Department personnel in carrying out their duties.
- The IT access policy for back office systems which have been fully computerized enabling the user and the approving authority to view levels of access applied for and determine the levels of access relevant to the applicant in relation to the job scope.
- The document classification authority granted to individuals to classify certain documents and subsequent procedures in handling such documents.
- Circulars, memos, process and procedures which are available online for viewing by all staff in our bid to promote awareness and compliance culture amongst our personnel.
- The official enforcement of an internal Whistle Blower policy based on the provisions of the Whistle Blower Act 2010 together with implementation guidelines of the committee with an aim to ensure that a self-regulatory mechanism which is independent and free from any possible interference exists within the organization and whistle blowers are free to report on any wrongdoing in SSM conducted by any of its employees irrespective of rank to any agency with enforcement powers.

This statement was presented in the ARMC meeting held on 1 April 2015 and was approved for tabling at the 80th SSM Commission Members Meeting on 8 April 2015. In the said meeting, this statement was tabled and approved without any amendments.





FINANCIAL STATEMENTS



**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
COMPANIES COMMISSION OF MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2014**

Report on the Financial Statements

The financial statements of the Companies Commission Of Malaysia have been audited by my representative, which comprise the Balance Sheet as at 31 December 2014 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

The Members' of The Commission Responsibility for the Financial Statements

The Members of the Commission are responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting standards in Malaysia and the Companies Commission of Malaysia Act 2001 (Act 614). The Members of the Commission are also responsible for such internal control as the management determine is necessary to enable the preparation of the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

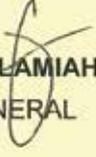
My responsibility is to express an opinion on the financial statements based on the audit. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing in Malaysia. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Companies Commission Of Malaysia as at 31 December 2014 and of their financial performance and cash flows for the year ended in accordance with approved accounting standards in Malaysia.


(SWAIBATUL ASLAMIAH BT HAJI HUSAIN)
for AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
27 AUGUST 2015

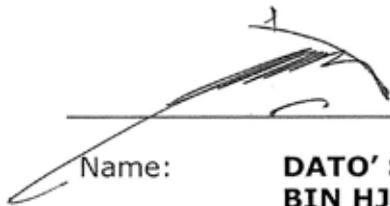


STATEMENT BY CHAIRMAN AND A MEMBER OF THE COMPANIES COMMISSION OF MALAYSIA

We, **DATO' SRI ALIAS BIN HJ. AHMAD** and **PROF. DATO' DR AISHAH BINTI BIDIN**, being the Chairman and a member of the **COMPANIES COMMISSION OF MALAYSIA**, do hereby state that in the opinion of the Members of the Commission, the Financial Statements consisting of Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement together with the notes to the Financial Statements, are drawn up so as to give a true and fair view of the state of affairs of the **COMPANIES COMMISSION OF MALAYSIA** as at 31 December 2014 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,

On behalf of the Commission,



Name: **DATO' SRI ALIAS
BIN HJ. AHMAD**

Designation: **CHAIRMAN OF
THE COMMISSION**

Date: **24 AUG 2015**

Place: **KUALA LUMPUR**



Name: **PROF. DATO' DR
AISHAH BINTI
BIDIN**

Designation: **MEMBER OF THE
COMMISSION**

Date: **24 AUG 2015**

Place: **KUALA LUMPUR**

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

I, **DATO' ZAHRAH BT ABD. WAHAB FENNER**, being the officer primarily responsible for the accounting records and financial management of the **COMPANIES COMMISSION OF MALAYSIA** do solemnly and sincerely declare that the Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement together with the notes to the Financial Statements 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 the above named)
 at Kuala Lumpur in the Federal)
 Territory on 20 AUG 2015)

Zahrah Fenner



Before me,

COMMISSIONER FOR OATHS

Lot 1.08, 1st Floor,
 KWSP Building, Jln Raja Laut,
 50350 Kuala Lumpur.
 Tel: 019-6680745

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Non Current Assets			
Property, fittings and equipment	3	130,836,560	146,866,682
Long term investments	4	175,255,283	100,979,771
Work in progress	5	4,837,455	1,981,638
Staff financing	6	56,816,418	52,468,835
		367,745,716	302,296,926
Current Assets			
Trade debtors	7	1,736,102	1,114,708
Other debtors, deposits and prepayments	8	12,753,895	9,687,171
Staff financing	6	4,406,510	4,020,117
Short term investments	9	272,124,690	249,806,526
Inventories	10	289,540	2,255,200
Cash and cash equivalents	11	283,043,629	226,696,290
		574,354,366	493,580,012
TOTAL ASSETS		942,100,082	795,876,938

Notes on pages 263 to 283 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 RM	2013 RM
EQUITY AND LIABILITIES			
Equity			
Government grants	12	6,707,876	11,819,069
Retained earnings		478,573,917	491,307,518
Staff financing funds	13	91,000,000	76,000,000
		576,281,793	579,126,587
Non Current Liabilities			
Provision for employee benefits	14	434,879	513,499
		434,879	513,499
Current Liabilities			
Federal Consolidated	15	338,400,226	204,449,317
Other creditors	16	24,141,215	11,787,535
Short term project creditors	17	2,841,969	-
		365,383,410	216,236,852
Total Liabilities		365,818,289	216,750,351
TOTAL EQUITY AND LIABILITIES		942,100,082	795,876,938

Notes on pages 263 to 283 form an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
Income	18	345,514,451	331,600,964
Federal Consolidated	15	(172,757,226)	(133,453,391)
		172,757,225	198,147,573
Operating Expenses			
Staff costs	19	96,483,493	93,320,612
Administration costs	20	59,150,764	59,860,939
Depreciation	3	18,836,777	21,169,023
Amortization on grants received and long term investments		(3,980,208)	(5,627,679)
		170,490,826	168,722,895
Surplus before taxation	21	2,266,399	29,424,678
Taxation	22	-	(2,796,000)
Surplus after taxation		2,266,399	32,220,678

Notes on pages 263 to 283 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Government Grants RM	Accumulated Surplus RM	Staff Financing RM	Total RM
Balance as at 1 January 2013	17,930,261	459,086,839	76,000,000	553,017,100
Net surplus not recognised in the income statement				
Amortization on grants received	(6,111,192)	-	-	(6,111,192)
	(6,111,192)	-	-	(6,111,192)
Government grants received during the year	-	-	-	-
Surplus after taxation	-	32,220,679	-	32,220,679
Balance as at 31 December 2013	11,819,069	491,307,518	76,000,000	579,126,587
Net surplus not recognised in the income statement				
Amortization on grants received	(5,111,193)	-	-	(5,111,193)
	(5,111,193)	-	-	(5,111,193)
Additional staff financing funds	-	(15,000,000)	15,000,000	-
Surplus after taxation	-	2,266,399	-	2,266,399
Balance as at 31 December 2014	6,707,876	478,573,917	91,000,000	576,281,793

Notes on pages 263 to 283 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 RM	2013 RM
Operating activities		
Surplus before taxation	2,266,399	29,424,678
Adjustments for:		
Depreciation	18,836,777	21,169,023
Amortization on grants received	(5,111,193)	(6,111,192)
Amortization on long term investments	1,130,985	483,513
(Gain)/Loss from disposal of property, fittings and equipment	16,650	(315,082)
Profit and dividend from investments	(22,875,146)	(21,422,531)
Operating profit before changes in working capital	(5,735,528)	23,228,409
(Increase)/Decrease in inventories	1,965,660	(1,058,520)
(Increase)/Decrease in trade debtors	(621,394)	19,355
(Increase)/Decrease in other debtors, deposits and prepayments	(3,066,724)	(3,160,602)
Increase/(Decrease) in Consolidated Fund	133,950,909	26,935,024
Increase/(Decrease) in other creditors	12,353,680	(1,743,726)
Increase/(Decrease) in work progress creditors	2,841,969	-
Increase/(Decrease) in provision for employee benefits	(78,620)	(20,911)
Net cash generated from operating activities	141,609,952	44,199,029

Notes on pages 263 to 283 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 RM	2013 RM
Cash flow from investing activities		
Acquisition of property, and equipment	(2,826,603)	(5,357,039)
Proceeds from disposal of property, fittings and equipment	3,298	315,373
Work in progress	(2,855,817)	1,008,676
Placements in investments	(97,724,661)	(151,832,487)
Profit and dividend received	22,875,146	21,422,531
Staff financing	(9,869,278)	(10,474,291)
Repayment received from	5,135,302	4,448,037
Net cash from/(used for) investing activities	(85,262,613)	(140,469,200)
Cash flows from financing activities		
Net cash generated from financing activities	-	-
Net (decrease)/increase cash and cash	56,347,339	(96,270,171)
Cash and cash equivalents beginning of year	226,696,290	322,966,461
Cash and cash equivalents end of year	283,043,629	226,696,290

Notes on pages 263 to 283 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. PRINCIPAL ACTIVITIES

The Companies Commission of Malaysia (Commission) is a statutory body established under the Companies Commission of Malaysia Act 2001 (Act 614). The principal activities of the Commission are the regulation of corporations, companies and businesses under the Companies Act 1965, Registration of Businesses Act 1956, Limited Liability Partnerships Act 2012, Trust Companies Act 1949, Kootu Funds (Prohibition) Act 1971 and any subsidiary legislation made under the above Acts.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Commission in all previous years' financial statements, unless otherwise stated.

(a) Basis of Preparation

The financial statements of the Commission have been prepared in accordance with the Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia for private entities (Private Entities Reporting Standards).

The financial statements of the Commission have been prepared using the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these judgments, estimates and assumptions are based on the management's best knowledge of current events and actions, actual results may differ.

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

(b) 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 in the balance sheet on the vesting date.

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

(c) Property, Fittings and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Commission and the cost can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Fittings and Equipment (continued)

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. The annual depreciation rates used are summarized as follows:

Building	2%
Building Equipment	20%
Motor Vehicles	20%
Computer and Peripherals	20%-33 $\frac{1}{3}$ %
Office Equipment, Furniture and Fittings	20%
Renovation	20%-33 $\frac{1}{3}$ %

Depreciation on property, fittings and equipment under construction commences when the property, fittings and equipment are delivered and ready for their intended use. Depreciation on property, fittings and equipment ceases at the earlier of de-recognition and classification as held for sale.

Residual value and useful lives of property, fittings and equipment are reviewed, and adjusted if appropriate, at the reporting date.

At each reporting date, the Commission assesses whether there is any indication of impairment. If such indicator exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 2(d) on impairment of assets.

Gains or losses arising from disposal of property, fittings and equipment is the difference between the net disposal proceeds and the carrying amounts of the property, fittings and equipment, and is disclosed in the income statement.

(d) Impairment of Assets

The carrying amount of property, fittings and equipment are reviewed to determine whether there are any indications of impairment. 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 have been determined (net of amortization and depreciation) if no impairment loss had been recognized. All reversals are recognized immediately in the income statement.

(e) Long Term Investments

Long term investments are stated at cost and held to maturity. Provisions for diminution in value are made if permanent diminution exists.

(f) Works In Progress

Works in progress is stated at cost and capitalized as property, fittings and equipment after the certificate of completion or certificate of acceptance is received by the Commission.

(g) Staff Financing

Staff financing are stated at cost less any allowance for bad and doubtful debts.

(h) Trade Debtors

Trade debtors are stated at invoiced amount less allowance for doubtful debts. The allowance is made when there is evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Inventories

Inventories are stated at cost based on the supplier's invoice values.

(j) Cash and Cash Equivalent

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term and highly liquid investments with original maturity period up to a year.

(k) Government Grants

Government grants are recognized at their fair value when there is a reasonable assurance that the grants will be received and the Commission will comply with all the stipulated conditions.

Government grants relating to expenses are recognized as income in the income statement based on a systematic approach over the period necessary to match them with the costs that they are intended to compensate.

The government grants relating to the purchase of assets are included as deferred income at fair value and recognized in the income statement based on the estimated useful lives of the related assets via equivalent installment amount.

(l) Employee Benefits

Short Term Employee Benefits

Salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognized as an expense in the period in which the associated services are rendered by the employees of the Commission.

Defined Contribution Plans

The Commission made contributions to Employees Provident Fund (EPF) for employees who have opted for EPF scheme and the Retirement Fund (Incorporated) (KWAP) for employees who are in the Government pensionable scheme. These contributions are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Commission has no further payment obligations.

Long Term Employee Benefits

Payment for long term benefits to employees after retirement and / or after the completion of contractual services is recognized 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 for contractual services upon completion of services.

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

(m) Contributions to Federal Consolidated Fund

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

The computation of contributions payable to the Government is based on total gross income received during the year less any provision for doubtful debts. The contributions are accrued in the year where income is recognized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Other Creditors

Other creditors are stated at their nominal values which are the fair value of the considerations to be paid in the future for goods and services received.

(o) Taxation

Income tax on the surplus or deficit for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of taxable surplus for the year and is measured 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 future 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.

(p) Provisions

Provisions are recognized when the Commission has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Commission expects a provision to be reimbursed (for example under an insurance contract), the reimbursement is recognized as a separate asset but only when the reimbursement can be ascertained. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specified to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(q) Income Recognition

Income comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Commission's activities. Income is shown net of value added tax, returns, rebates and discounts.

The Commission recognizes its income when the amount can be measured reliably and, it is probable that future economic benefits associated with the item will flow to the Commission and that 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 and supply of corporate information as prescribed under the Companies Act 1965, the Registration of Businesses Act 1956 and Limited Liability Partnerships Act 2012 respectively. These incomes are recognized upon completion of services rendered.

(ii) Compounds

Compound is recognized upon payment received as each compound issued is only an offer with a payment period as determined by the Registrar.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) **Income Recognition** (continued)

(ii) *Compounds* (continued)

Compound which is 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, Registration of Businesses Act 1956 and Limited Liability Partnerships Act 2012.

However, fines imposed by the Court following prosecution actions are income of the Government and not the Commission's.

(iii) *Corporate Training Programmes*

Income arising from Corporate Training Programmes is recognized upon completion of the programmes.

(iv) *Interests, Dividends and Profits*

Interests, dividends and profits are recognized 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.

(r) **Financial Instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any assets in term of cash, contractual rights to receive cash or any other financial assets from other enterprise, contractual rights to change financial instruments with other enterprise under profitable terms or equity instruments of other enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or other financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The particular recognition method adopted for financial instruments recognized on the balance sheet is disclosed in the individual accounting policy statements associated with each financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. PROPERTY, FITTINGS AND EQUIPMENT

Cost	Building	Building Equipment	Office Equipment, Furniture and Fittings	Computer Hardwares and Softwares	Motor Vehicles	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2014	135,307,436	16,650,580	15,021,079	62,170,518	7,627,681	35,922,906	272,700,200
Additions	-	-	91,213	2,735,390	-	-	2,826,603
Disposals	-	-	(757,078)	(541,747)	-	-	(1,298,825)
At 31 December 2014	135,307,436	16,650,580	14,355,214	64,364,161	7,627,681	35,922,906	274,227,978
Accumulated Depreciation and Impairment							
At 1 January 2014	10,824,596	13,024,464	11,923,449	52,488,288	4,432,705	29,989,035	122,682,537
Depreciation for the year	2,706,149	3,330,116	2,184,236	4,596,838	1,075,784	4,943,654	18,836,777
Disposals	-	-	(737,282)	(541,595)	-	-	(1,278,877)
Impairment Losses	-	-	-	3,150,981	-	-	3,150,981
At 31 December 2014	13,530,745	16,354,580	13,370,403	59,694,512	5,508,489	34,932,689	143,391,418
Net Book Value							
At 31 December 2014	121,776,691	296,000	984,811	4,669,649	2,119,192	990,217	130,836,560

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. PROPERTY, FITTINGS AND EQUIPMENT (continued)

	Building		Building Equipment		Office Equipment, Furniture and Fittings		Computer Hardwares and Softwares		Motor Vehicles		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost														
At 1 January 2013	135,307,436	16,650,580	14,485,308	58,662,533	7,738,228	35,922,906	268,766,991							
Additions	-	-	683,914	3,578,360	1,094,765	-	5,357,039							
Disposals	-	-	(148,143)	(70,375)	(1,205,312)	-	(1,423,830)							
At 31 December 2013	135,307,436	16,650,580	15,021,079	62,170,518	7,627,681	35,922,906	272,700,200							
Accumulated Depreciation and Impairment														
At 1 January 2013	8,118,447	9,694,348	9,878,687	45,568,966	4,631,223	25,045,381	102,937,052							
Depreciation for the year	2,706,149	3,330,116	2,192,642	6,989,687	1,006,775	4,943,654	21,169,023							
Disposals	-	-	(147,880)	(70,365)	(1,205,293)	-	(1,423,538)							
Impairment Losses	-	-	-	3,150,981	-	-	3,150,981							
At 31 December 2013	10,824,596	13,024,464	11,923,449	55,639,269	4,432,705	29,989,035	125,833,518							
Net Book Value														
At 31 December 2013	124,482,840	3,626,116	3,097,630	6,531,249	3,194,976	5,933,871	146,866,682							

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 and stated at fair value on the vesting date.

An impairment test was carried out on these assets and impairment loss of RM 3,150,981 was recognized in the income statement.

4. LONG TERM INVESTMENTS

	2014 RM	2013 RM
Sukuk	150,708,519	45,843,848
Debt Securities	14,891,253	94,565,165
Trust Account	30,455,563	60,377,284
Unit Trusts	9,324,638	5,000,000
	205,379,973	205,786,297

Long term investments comprise investments in Government Investment Issues, Cagamas Berhad Sukuk, Islamic Medium Term Notes and Unit Trusts with coupon rates ranging from 3.55% to 5.05% (2013: 3.45% to 3.65%). The tenure of placement for these investments is up to five (5) years.

The Commission also placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The gross profit rate receivable by the Commission is 4.25% per annum (2013: 5% per annum) and the tenure of the placement is three (3) years (2013: five (5) years).

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

	2014 RM	2013 RM
Current Assets		
Within one (1) year (See Note 9)	30,124,690	104,806,526
Non-Current Assets		
Up to five (5) years	175,255,283	100,979,771
	205,379,973	205,786,297

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. LONG TERM INVESTMENTS (continued)

During the financial year, the Commission approved a maximum sum of RM 10.0 million (2013: RM 5.0 million) to be invested in the Unit Trust for a maximum period of three (3) years. The market values of the investment as at 31 December 2014 were as follows:

	2014 RM	2013 RM
At Cost:		
AllMAN Growth Fund	2,500,000	2,500,000
AllMAN Select Income Fund	2,500,000	2,500,000
CIMB - DALI Equity Growth Fund	2,500,000	-
CIMB - DALI Equity Theme Fund	2,500,000	-
Public Mutual PIOF	5,000,000	-
Diminution In Value:		
CIMB - DALI Equity Growth Fund	(172,079)	-
CIMB - DALI Equity Theme Fund	(150,821)	-
Public Mutual PIOF	(352,462)	-
Gain On Disposal		
AllMAN Growth Fund	270,309	-
AllMAN Select Income Fund	145,374	-
Market Value		
AllMAN Growth Fund	2,770,309	2,600,203
AllMAN Select Income Fund	2,645,374	2,503,482
CIMB - DALI Equity Growth Fund	2,327,921	-
CIMB - DALI Equity Theme Fund	2,349,179	-
Public Mutual PIOF	4,647,538	-

The investments in AllMAN Growth Fund and AllMAN Select Income Fund were disposed in the current financial year.

5. WORKS IN PROGRESS

	2014 RM	2013 RM
Balance as at 1 January	1,981,638	2,990,314
Additional works in progress during the financial year	5,447,117	1,694,674
Capitalization to property, fittings and equipment	(2,591,300)	(2,703,350)
Balance as at 31 December	4,837,455	1,981,638

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. WORKS IN PROGRESS (continued)

The works in progress comprise the Commission's information and communication technology projects awarded in the current year and prior to the current financial year which were not capitalized due to projects not yet completed or pending for the issuance of certificate of acceptance in the current year.

The additional work in progress amounting to RM 5,447,117 (2013: RM 1,694,674) was derived from the existing and newly awarded information and communication technology projects which were still under development in the current financial year. These projects were classified as works in progress in the current year based on invoices received.

Works in progress amounting to RM 2,591,300 (2013: RM 2,703,350) were capitalized in the current financial year.

The Commission had awarded information and communication technology project amounting to RM 1,190,000 in year 2011 and a total of RM 416,500 had been paid to the vendor based on the work certification and invoices received. This amount was classified under work in progress in the particular year.

The vendor had requested for extension of time to complete the project. However, the Commission decided not to grant the extension of time via its letter dated 6 February 2013 and the contract period dated 25 April 2012 between the Commission and the vendor expired on 31 January 2013. The Commission had initiated legal proceedings in year 2014 against the vendor for breach of contract and to claim for losses and damages incurred by the Commission resulted from the breach of contract.

The case was settled and the vendor has paid the claim for Liquidated and Ascertained Damages in the current financial year.

6. STAFF FINANCING

	2014 RM	2013 RM
Home financing	71,254,426	64,847,072
Motor vehicle financing	3,023,927	3,369,295
Computer financing	170,537	206,179
Gross amount of financing	74,448,890	68,422,546
Unearned profits from financing	(13,225,962)	(11,933,594)
Present value of minimum payments receivable	61,222,928	56,488,952

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

	2014 RM	2013 RM
<i>Gross amount of financing:</i>		
Within one (1) year	4,503,262	4,123,810
More than one (1) year and up to five (5) years	19,914,448	18,353,244
More than five (5) years	50,031,180	45,945,492
	74,448,890	68,422,546

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. STAFF FINANCING (continued)

	2014 RM	2013 RM
<i>Present value of minimum payments receivable:</i>		
Within one year	4,406,510	4,020,117
More than one year and up to five years	19,616,428	18,253,704
More than five years	37,199,990	34,215,131
	61,222,928	56,488,952

Staff financing relates to Islamic home, motor vehicle and computer financings approved to the employees of the Commission. The motor vehicle and computer financings are repayable over a maximum period of eight (8) years and four (4) years respectively with a profit rate of 4% per annum (2013: 4% per annum). The home financing is repayable over a maximum period of thirty (30) years with a profit rate of 2% per annum (2013: 2% per annum).

The effective profit rates for these staff financing is 7% to 9% per annum (2013: 7% to 9% per annum).

7. TRADE DEBTORS

Trade debtors consist of service fee receivables, which include fee from e-info and business renewal services provided through appointed agents, e-lodgment services and fee from Corporate Training Programs.

Credit period granted to trade debtors is thirty (30) days from the date of invoice issued or as stated in the related agreements with the appointed agents.

8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2014 RM	2013 RM
Profit and dividend receivables	5,346,263	6,260,588
Deposits and prepayments	5,924,868	2,506,151
Advances to employees	195,595	116,842
Other receivables	1,287,169	803,590
	12,753,895	9,687,171

Included in the profit and dividend receivables is the advanced dividend payment from Mudharabah Deposit Account (MDA) and General Investment Al-Mudharabah amounting to RM 137,613 (2013: RM 114,370) and RM 79,024 (2013 : RM 337,021) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. SHORT TERM INVESTMENTS

	2014 RM	2013 RM
Commodity Murabahah Deposits	197,000,000	90,000,000
Uncallable Negotiable Instruments Debt Certificate	45,000,000	55,000,000
Long Term Investments mature in twelve (12) months (see Note 4)	30,124,690	104,806,526
	272,124,690	249,806,526

The Commission purchased Negotiable Instrument Debt Certificates, *Uncallable Negotiable Instrument Debt Securities and Commodity Murabahah Deposits* through various licensed financial institutions. The effective profit rate receivable by the Commission for these securities ranged from 3.60% to 4.20% per annum (2013: 2.90% to 3.61% per annum) and their tenure is up to twelve (12) months.

10. INVENTORIES

	2014 RM	2013 RM
Balance as at 1 January	2,255,200	1,196,680
Purchases	-	7,120,000
Sales	(1,965,660)	(6,061,480)
Balance as at 31 December	289,540	2,255,200

The Ministry of Finance via a letter dated 24 March 2010 had granted approval under section 82 of the Stamp Act 1949 to the Commission to sell revenue stamps to be affixed on the Memorandum and Article of Association of incorporated companies.

These inventories are stated at cost.

11. CASH AND CASH EQUIVALENTS

	2014 RM	2013 RM
Cash and bank balances	159,043,629	18,552,696
Deposit placements with :		
Licensed local banks and financial institutions	124,000,000	208,143,594
	283,043,629	226,696,290

The effective profit rate for Al-Mudharabah general investments and Al-Mudharabah special investment with banks and financial institutions ranged from 3.40% to 3.95% per annum (2013: 2.75% to 3.61% per annum).

The tenure of the Al-Mudharabah general investment is thirty (30) days to one (1) year (2013: thirty (30) days to one (1) year), and for the Al-Mudharabah special investment is one (1) night to ninety (90) days (2013: one (1) night to ninety (90) days).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. GOVERNMENT GRANTS

	2014 RM	2013 RM
Balance as at 1 January	11,819,069	17,930,261
Amortization on grants received	(5,111,193)	(6,111,192)
Balance as at 31 December	6,707,876	11,819,069

Government grants include operating grants provided by the Government, development grants approved under the Ninth Malaysian Plan (RMKe-9) and benefits vested in the Commission. The operating and development grants were provided to cover capital expenses for the Commission's new building and development of information and communication technology projects.

No operating or development received from the Government in the current financial year.

Vested benefits at the beginning of the 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 Program and novation of the Migration Project. The assets of the Migration Project are categorized as vested benefits and are stated at fair value.

The amortization of government grants 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. This amount is stated as amortization on grants received in the statement of changes in equity.

13. STAFF FINANCING FUNDS

	2014 RM	2013 RM
Home financing fund	80,000,000	70,000,000
Motor vehicle financing fund	10,000,000	5,000,000
Computer financing fund	1,000,000	1,000,000
	91,000,000	76,000,000

The Commission approved the allocation of RM 50.0 million, RM 5.0 million and RM 1.0 million for home, motor vehicle and computer financing funds respectively for employees of the Commission. The home financing fund received allocation from the accumulated surplus of RM 10.0 million per year from year 2002 to 2006.

Additional funds of RM 50.0 million and RM 5.0 million for staff home and motor vehicle financing respectively were approved by the Commission on 2 August 2012. The first RM 20.0 million for the home financing fund was allocated from the Commission's reserves in the current financial year and the remaining RM 30.0 million will be allocated from the annual surplus over the next three financial years from year 2013. The additional fund for motor vehicle financing will be allocated from 2013 annual surplus.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. PROVISION FOR EMPLOYEE BENEFITS

	2014 RM	2013 RM
Balance as at 1 January	561,504	582,416
Payments made to employees in current year	(52,464)	(20,912)
Balance as at 31 December	509,040	561,504

With effect from October 2004, all contractual employees who have completed their contract of service will no longer be entitled for gratuity payment. This was pursuant to the decision of the Commission to increase the employer's contribution rate for EPF from 12.5% to 17.5% with effect from the said month.

In year 2012, a retirement option up to the age of sixty (60) years old was offered to all Commission employees under the Government Pension Scheme in line with the Government's option to increase the retirement age up to 60 years old.

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

	2014 RM	2013 RM
Current Liabilities		
Within one year (See note 16)	74,161	48,005
Long Term Liabilities		
More than one year and up to five years	303,819	397,638
More than five years	131,060	115,861
	509,040	561,504

15. FEDERAL CONSOLIDATED FUND

	2014 RM	2013 RM
Balance as at 1 January	204,449,317	177,514,293
Provision for revenue payable to Federal Consolidated Fund	172,757,226	165,643,001
Reduction of percentage of contribution for year 2012	-	(32,189,610)
Payments made during the year to the Federal Consolidated Fund	(38,806,317)	(106,518,367)
Balance as at 31 December	338,400,226	204,449,317

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

The Minister of Finance, via its gazette dated 27 February 2014, has agreed to reduce the percentage of contribution for financial year ended 31 December 2012 under s35(2) of the Companies Commission of Malaysia Act 2001 from fifty percent (50%) to forty one percent (41%) of its total annual revenue. The reduction of the percentage of contribution had recognized immediately in the income statement resulted to additional surplus of RM 32,189,610 in year 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

15. FEDERAL CONSOLIDATED FUND (continued)

Based on the agreement by the Minister of Finance, the payment for the year 2012 contribution were made in two stages i.e. first payment amounting to RM 106,518,367 was made on 19 December 2013 and the balance of RM 38,806,316 were made on 13 January 2014.

The amendment to section 35 of the Companies Commission of Malaysia Act 2001 to change the contribution to Federal Consolidated Funds from fifty percent (50%) of the total annual revenue to thirty percent (30%) of current annual surplus was approved by the Parliament on 8 December 2014 and gazetted by the date of commencement is 20 February 2015. Contributions will be effective from the financial year 2015 based on the relevant effective date.

16. OTHER CREDITORS

	2014 RM	2013 RM
Payables and accruals	21,024,047	9,826,471
Statutory payables	453,378	306,354
Trustee accounts	1,192,988	416,565
Other creditors (see Note 14)	1,470,802	1,238,145
	24,141,215	11,787,535

The credit period granted by other creditors ranges from thirty (30) to sixty (60) days from the date of invoice received.

17. SHORT TERM CREDITORS

Short term project creditors are costs incurred for the information and communication technology projects which were outstanding as at year end.

The credit period granted to short term creditors ranged from thirty (30) to sixty (60) days from the date of invoice received.

18. INCOME

	2014 RM	2013 RM
Net income from operating activities:		
Services income	281,215,479	275,187,785
Compounds	35,596,217	28,858,417
Corporate Training Programs	2,381,268	2,480,648
Other income:		
Profits and dividend	22,875,146	21,422,531
Other income	3,446,341	3,651,583
	345,514,451	331,600,964

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

19. STAFF COSTS

	2014 RM	2013 RM
Salaries	53,365,567	51,852,972
Fixed allowances	7,863,535	7,802,079
Statutory contributions	12,963,342	12,590,459
Overtime allowance	749,068	901,360
Bonus and other benefits	15,201,406	14,596,135
Medical benefits	5,921,381	5,139,535
Members' allowances	372,240	388,383
Subsidies to staff on Government loan	46,954	49,689
	96,483,493	93,320,612

The number of employees of the Commission as at 31 December 2014 was 1,283 inclusive of 77 temporary staff (2013: 1,218 inclusive of 54 temporary staff).

20. ADMINISTRATION COSTS

	2014 RM	2013 RM
Travelling and accommodation	4,113,464	4,906,979
Communication and utilities	8,332,636	7,210,348
Rental	14,902,963	16,745,443
Printing and stationeries	3,265,517	6,830,607
Upkeep of equipment	14,321,628	12,187,168
Office maintenance and security	3,871,665	3,460,233
Professional fees	4,239,727	961,780
Entertainment and hospitalities	4,576,714	6,481,497
Other administrative costs	1,526,450	1,076,884
	59,150,764	59,860,939

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

21. SURPLUS BEFORE TAXATION

	2014 RM	2013 RM
Surplus for the year before taxation is derived after crediting: -		
Profits and dividend	22,875,146	21,422,531
Miscellaneous income	1,874,268	1,763,891
Rental of real property	1,572,610	1,572,610
Gain on disposals of property, fittings and equipment	-	315,082
And charging: -		
Members' allowance	372,240	388,383
Auditors' remuneration	65,000	65,000
Bonus and other benefits	15,201,406	14,596,135
Depreciation	18,836,777	21,169,023
Loss on disposals of property, fittings and equipment	16,650	-
Amortization on grants received	(5,111,193)	(6,111,192)
Amortization and diminution on long term investments	1,130,985	483,513

22. TAXATION

	2014 RM	2013 RM
Balance as at 1 January	-	2,796,000
Provision for the year	-	-
Overstated provision for previous year	-	(2,796,000)
Balance as at 31 December	-	-

The Ministry of Finance on 13 December 2007 granted exemption from payment of income tax on all statutory income of the Commission for a period of ten (10) years from year of assessment 2002 until year of assessment 2011.

Subsequent to the expiry of the tax exemption, the Ministry of Finance, via its letter dated 6 March 2013, had agreed to grant an extension of the tax exemption for a period of five (5) years from year of assessment 2012 until year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

23. CAPITAL COMMITMENTS

	2014 RM	2013 RM
Capital expenditure commitments :		
Approved and contracted for	4,117,865	11,797,223
	4,117,865	11,797,223

24. FINANCIAL RISK MANAGEMENT

The Commission's financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Commission. Financial risk management is carried out through risks review, internal control systems, insurance program and adherence to Commission's financial risk management policies. The Commission regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

The main risks arising from the Commission's financial assets and liabilities are liquidity risk, cash flow risk and profits and interest rate risk.

(a) Liquidity Risk

The Commission mitigates 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.

(b) Cash Flow Risk

The cash flow positions are reviewed on a regular basis to manage its exposure to fluctuations in future cash flows.

(c) Profits and Interest Rate Risk

The Commission has cash, bank balances and deposits placed with creditworthy licensed banks and financial institutions. The Commission manages its profits and interest rate risks by placing such balances on varying maturities, profit and interest rate terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments

Effective profits rates analysis

	Effective Profits Rates Per Annum %	Within 1 Year RM	1-5 Years RM	More Than 5 Years RM	Total RM
As at 31 December 2014					
Financial Assets					
Deposits placements:					
Local banks and financial Institutions	3.40 - 3.95	124,000,000	-	-	124,000,000
Amanah Raya Berhad	4.3	-	30,455,563	-	30,455,563
Debts securities held to maturity:					
Government Investment Issue	3.55 - 5.05	-	14,891,253	-	14,891,253
Cagamas Berhad	3.55 - 5.05	10,077,913	40,470,400	-	50,548,313
Islamic Medium Term Notes	3.55 - 5.05	20,046,777	80,113,429	-	100,160,206
Unit Trust	3.55 - 5.05	-	9,324,638	-	9,324,638
Commodity Murabahah Deposit	3.60 - 4.20	197,000,000	-	-	197,000,000
Uncallable Negotiable Instrument Debt Certificate	3.60 - 4.20	45,000,000	-	-	45,000,000
		396,124,690	175,255,283	-	571,379,973

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments

Effective profits rates analysis

	Effective Profits Rates Per Annum %	Within 1 Year RM	1-5 Years RM	More Than 5 Years RM	Total RM
As at 31 December 2013					
Financial Assets					
Deposits placements:					
Local banks and financial Institutions	2.75 - 3.61	208,143,594	-	-	208,143,594
Amanah Raya Berhad	5.0	60,377,283	-	-	60,377,283
Debts securities held to maturity:					
Government Investment Issue	3.65 - 5.0	15,006,688	4,998,736	-	20,005,424
Cagamas Berhad	3.65 - 5.0	10,013,600	35,830,248	-	45,843,848
Islamic Medium Term Notes	3.65 - 5.0	14,408,955	60,150,787	-	74,559,742
Unit Trust	3.65 - 5.0	5,000,000	-	-	5,000,000
Commodity Murabahah Deposit	2.90 - 3.61	90,000,000	-	-	90,000,000
Uncallable Negotiable Instrument Debt Certificate	2.90 - 3.61	55,000,000	-	-	55,000,000
		457,950,120	100,979,771	-	558,929,891

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

24. FINANCIAL RISK MANAGEMENT (continued)

(d) *Fair Value*

In respect of cash and cash equivalents, short term investments, trade and other debtors, deposits and prepayments, contributions to Federal Consolidated Fund, other payables and short terms project creditors, the carrying amounts approximate their fair value due to the relatively short-term nature of these financial instruments.

The fair value of the other financial assets stated in the balance sheet date on 31 December 2014 is shown below:

	2014		2013	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Long Term Investments	166,318,500	165,311,500	140,671,976	139,706,886
Staff Financing	62,223,537	64,712,478	64,737,945	68,557,421

25. APPROVAL OF FINANCIAL STATEMENTS

The audited financial statements were tabled and duly approved by the Members of the Companies Commission of Malaysia through Circular Resolution dated 24 August 2015.

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84000 Muar, Johor.
Tel : 06-954 6611 / 954 7711
Fax : 06-954 6600
E-mail : norsilawati@ssm.com.my

TEMERLOH

Abdul Halim bin Abdul Mutalib
No. 15 & 16, Jalan Ahmad Shah,
28000 Temerloh,
Pahang Darul Makmur.
Tel : 09-296 4600/5600
Fax : 09-296 0010
E-mail : ahalim@ssm.com.my

SERVICE CENTRE

LANGKAWI

Pusat Perkhidmatan
Suruhanjaya Syarikat Malaysia
No 4, Mezzanine Floor, Kompleks LADA,
Jalan Persiaran Putra,
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Tel : 04-966 7943
Fax : 04-966 5318

SSM'S PRESENCE NATIONWIDE

SERVICE COUNTER AND BUSINESS REGISTRATION

KUALA LUMPUR URBAN TRANSFORMATION CENTRE (UTC)

T2-1, Level 2,
Bangunan UTC Kuala Lumpur,
Jalan Pudu (Pudu Sentral),
55100 Kuala Lumpur.
Tel : 03-2026 2041/ 2042
Faks : 03-2026 2036

MELAKA URBAN TRANSFORMATION CENTRE (UTC)

Level 3,
Wisma UTC,
Jalan Hang Tuah,
75300 Melaka.
Tel : 06-283 0076

PAHANG URBAN TRANSFORMATION CENTRE (UTC)

1-11 First Floor,
Bangunan UTC Pahang,
Jalan Stadium,
25200 Kuantan, Pahang.
Tel : 09-5132317 / 2736

KEDAH URBAN TRANSFORMATION CENTRE (UTC)

No. 4-7, Kompleks MBAS,
Jalan Kolam Air,
05675 Alor Setar, Kedah.
Tel : 04-736 0815

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