



SURUHANJAYA SYARIKAT MALAYSIA  
COMPANIES COMMISSION OF MALAYSIA

*Sustaining  
Continuous Growth*

Annual Report

'09









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# SSM CORPORATE HEADQUARTERS :

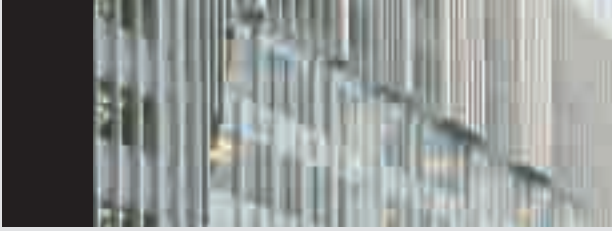
## FROM THE SUPREME COURT BUILDING TO MENARA SSM@SENTRAL

Year 2009 marked a significant milestone for the Companies Commission of Malaysia (SSM) with the completion of its corporate headquarters located at Kuala Lumpur Sentral (KL Sentral). The ultra modern 31-storey office building is strategically located within Kuala Lumpur's transportation and transit hub. KL Sentral is the focal point for the rail transport systems in the city, that is, the light rail transit (LRT), KTM commuters, monorail and the express rail link (ERL) to Kuala Lumpur International Airport.

Prior to its establishment, SSM comprised the office of the Registry of Companies (ROC) and the Registry of Businesses (ROB). The ROC had its first office at the former Supreme Court Building, Kuala Lumpur. In 1963 the ROC office was moved to the former Subordinate Courts building, Courts Hill, also in Kuala Lumpur. The ROC was subjected to another migration when it moved to Bank Negara Malaysia's building in 1971 on commencement of the construction of the Maybank headquarters at Courts Hill.

Menara SSM@Sentral  
Companies Commission of Malaysia  
No. 7, Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50623 Kuala Lumpur





In 1978, the ROC was once again relocated to the Government Complex Building at Jalan Duta, Kuala Lumpur, in response to the Government's initiative to cluster all key Government offices in the same area. Due to the rapid expansion of the ROC and to facilitate the public, it was decided that the ROC office be moved to the centre of the capital city at Bangunan KUWASA in 1984, before finally moving to the Mall, Putra Place Kuala Lumpur in 1994.

In the case of ROB, it started operations in 1953 at the Bangunan Sulaiman Kuala Lumpur. In 1961, the office of the ROB was moved to Bangunan Syarikat Kerjasama Polis, Jalan Kampung Attap, Kuala Lumpur, before shifting to Government Complex Building at Jalan Duta, Kuala Lumpur in 1975. From Jalan Duta, the ROB shifted to Bangunan KUWASA, Jalan Raja Laut, Kuala Lumpur in 1984. Finally in 1994, the ROB was relocated alongside with the ROC at the Mall, Putra Place, Kuala Lumpur.

The construction of Menara SSM@Sentral commenced in 2005 and was completed in December 2009. With a land area of 34,970 sq meters and a total built-up area of 280,890 sq feet, it boasts state-of-the-art facilities that are in line with the modern architecture of the building. Menara SSM@Sentral stands at a height of 131.15 metres, with a total of 31 floors comprising 24-storey office floors and a 7-storey elevated car park with a total of 349 parking lots for both the employees and visitors to SSM. The auditorium at Menara SSM@Sentral has a seating capacity of 325 persons, while its *surau* (Muslim prayer area) can accommodate a total of 130 people at a particular time. There is also a cafeteria to cater for the employees as well as the public located on the 11th floor. In line with the notions of corporate responsibility, the building will also host a crèche to cater for the children of SSM employees. Other facilities include a gymnasium, mini library, computer laboratories, an executive dining room, lecture halls, classrooms and a moot court.

Menara SSM@Sentral features various green attributes. They are incorporated in the design, development and operational aspects to ensure energy efficiency and sustainability of the environment. The green and energy efficiency aspects of SSM'S new office building encompass the following features that follow in the ensuing paragraphs.

### **Building Orientation**

The physical orientation of a building has a significant impact on its energy consumption. Where the windows of a building face east, they will trap the morning sun, whereas windows that are facing the west will let in the afternoon heat. Both these attributes will make the building warmer and consume more energy for cooling down. To avoid direct absorption of heat from the sun, it is best for the main facades of the building to avoid directly facing the east-west direction. This concept has been adopted for the new SSM building where the main building facades are slightly angled facing the north-west and south-east direction, thus reducing the direct absorption of heat as shown in the layout plan below:

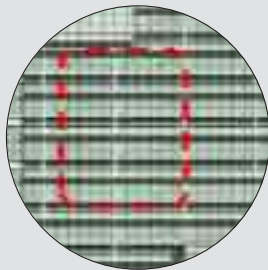
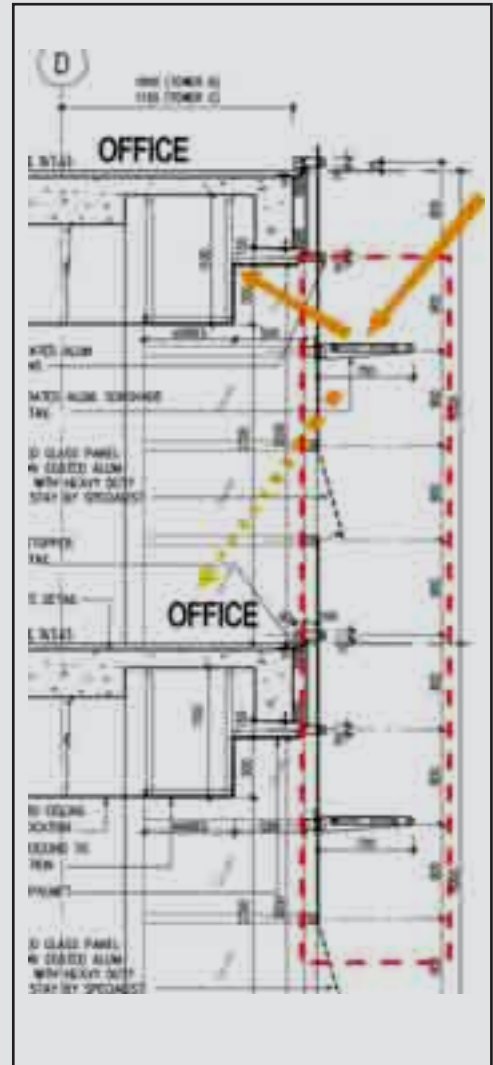




**Façade Treatment - Glass Curtain Walls**

The windows and external walls of the new SSM building are protected by appropriate shading mechanisms to allow for maximum light penetration whilst minimizing the transfer of heat. This feature will enable the building to have natural light coming in during the day to minimize electric light usage and at the same time bounce the heat away to maintain the interior coolness of the office.

The aluminium fin screens and sun shades prevent the direct penetration of sunlight and at the same time reflect sun rays into the room. This diffusing action takes away much of the heat while allowing sufficient light to enter, thereby improving energy efficiency and user comfort as illustrated in the diagrams below.



*Sun shades installed at office floors*



*Sun heat is bounced onto ceiling for absorption*



The added protection against heat is afforded by the 8-10mm thick light green tempered glazing on the panes which allows 65% of the available daylight in while keeping 49% of the heat out, thereby reducing the use of air-conditioning. Car park louvers are arranged to allow daylight to penetrate while simultaneously serving as an external visual screen as shown in the diagrams above.

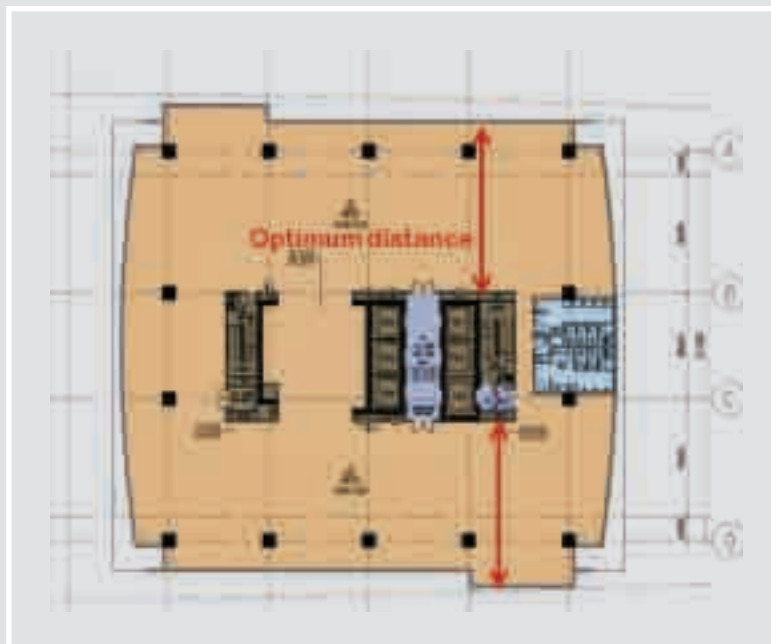
### **Building Deck**

The SSM office building was constructed on a platform above the existing Keretapi Tanah Melayu (KTM) and Express Rail Link (ERL) railway tracks. This has the advantage of maximizing development with limited use of land. As such, forest and vegetation were not cleared to make way for development of SSM's new building. The following are advantages of this elevated design concept :

- Minimal earthworks are required as compared to the construction of an underground basement parking area where massive earthworks excavation is required.
- Elevated car park acts as a buffer against vibration and sound to the building occupants.
- Car parks above ground allow natural cross-ventilation thus omitting the need for mechanical ventilation; and
- Allows natural daylight into the car parks allowing for reduced energy use during the day.

### **Optimization in Floor Layout**

The floor plan layout was designed to allow the optimization of natural daylight. The depth from the curtain wall to the building core permits more light thus reducing the need for electrical lighting as shown in the diagram below.



### **Building Materials**

Non-toxic building materials and finishes were predominantly used with most of them originating from natural products. The MIVAN formwork system used during the concrete construction has the advantage of repeated reuse as opposed to the plywood-type formwork which has a limited lifespan as it will be soon discarded.

### **Variable Refrigerant Volume (VRV) Air Conditioning System**

The air-conditioning system used for the new SSM building is the VRV system. This air-conditioning system is purpose-built for energy saving with its function and operation being based on actual use demand. This system incorporates a device called the inverter, which is an intelligent control unit that can control the system working capacity to the demand load. Other advantages of the VRV are:

- Lower operating cost as compared to the chilled water system;
- Flexibility in operation as it allows for each zone to be controlled individually, thus enabling energy savings;
- Energy efficient especially during part load conditions (weekends and after-hours);
- Individual thermostat provides precision control of each zone;
- Self-diagnosis system which identifies problems quickly and accurately, ensuring efficient service and maintenance;
- *"Intelligent Manager"* system that provides effective centralized monitoring and control of the whole VRV system;
- Use of R410A refrigerant which is environment-friendly and chlorine-free, replacing the R22 refrigerant which is chlorine-based and is to be phased out by 2010.

### **Building Automation System (BAS)**

The new building is installed with the BAS which provides the following functions for the purpose of energy conservation:

- All common lightings such as lobbies, car parks, toilets and staircases are time-scheduled and controlled by the BAS.
- All compounds and facade lightings are also time-scheduled by the BAS.
- Mechanical equipment such as toilet exhaust fans, plant room exhaust fans, and pre-cooled AHUs are also time-scheduled by the BAS.

### **Escalator**

The escalator installed for this building will have an in-built sensor, a device which will allow the escalator to automatically stop when left idle and start automatically when required.



### **Information & Communication Technology (ICT) Equipment and Design**

The ICT equipment and design chosen for the new building is generally based on products that are energy efficient and use electricity only when required or in use. The ICT equipment are generally energy star products and products originating from recycled sources.

The equipment chosen for SSM's data centre will be able to save electric power consumption by approximately 40% on a monthly basis as compared to the normal data centres in other organizations. The equipment chosen to keep cool the temperature in the data centre and server rooms use chilled water technology instead of direct cooling using air conditioning. In addition, all the above specifications and equipment generally consume less electricity and save energy.

The migration to the new headquarters office will commence in January 2010 and be implemented in stages. All divisions and sections previously located in SSM headquarters are expected to fully migrate to Menara SSM@Sentral by the first quarter of 2010. The euphoria of every member of SSM to move into the new office could not be overemphasized as it took more than a century for the organization to realize the dream of having its own corporate building.



**EXECUTIVE DINING ROOM, LEVEL 31**



**SURAU, LEVEL 11  
(MUSLIM PRAYER AREA)**



**LECTURE HALL, LEVEL 10**



**AUDITORIUM, LEVEL 10 & 11**



CAFETERIA, LEVEL 11



CRÉCHE, LEVEL 2



GYMNASIUM, LEVEL 12



INFORMATION COUNTER, LEVEL 18



LOBBY, LEVEL 1



INCORPORATION COUNTERS, LEVEL 17





**MAIN MEETING ROOM, LEVEL 18**



**LOUNGE & MEETING ROOM AT LEVEL 18**





ESCALATOR TO LEVEL 2



COMPUTER LAB, LEVEL 13



INFO e-KIOSK, LEVEL 17





# MINISTER'S MESSAGE



OPEN AREA, LEVEL 10





# MINISTER'S MESSAGE

**Dato' Sri Ismail Sabri bin Yaakob**

Minister of Domestic Trade  
Co-operatives, and Consumerism



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## MINISTER'S MESSAGE

I would like to begin my remarks by defining Financial Year 2009 as a year of challenges. From the effect of the sub-prime mortgage crisis, which peaked during the first half of the year, right to the path to recovery, which commenced in the second half of the year, Malaysia has faced its greatest test since the 1997–1998 Asian Financial Crisis. With half the world experiencing a technical recession in 2009, the global economy was confronted with, and in fact still confronts, daunting challenges on its road to recovery.

Despite the extensive economic stimulus packages being introduced by many countries, the global financial market conditions are likely to remain under stress as the expected losses from the credit crisis in the United States (US) are projected to hover at USD2.2 trillion. The negative impact of the global downturn on the Malaysian economy, which began in 2008, worsened in the first half of 2009. Indeed, in the second half of 2009, the Malaysian economy continued to contract. However, the contraction during this period was substantially lower, ranging between -1% to -2% compared to the -6.2% contraction experienced during the first quarter of the year. This is a testament to Malaysia's economic resilience, which is owed partly to the sound corporate regulatory regime, good infrastructure, human capital as well as our endowment of natural resources. Yet to maintain and indeed enhance Malaysia's long-term competitiveness, our country must continuously leverage our strengths. At the same time we must effectively address our existing weaknesses.

During the beginning stages of the global financial crisis, the day-to-day activities in Malaysia remained relatively unaffected. However, in recognising the uniqueness of the crisis, and the dire consequences it could potentially have on our economy, the Government knew that it had to act decisively. The Malaysian Government therefore responded swiftly to the crisis by introducing two economic stimulus packages totaling RM67 billion. These packages were designed to cushion the impact of the crisis in a number of ways. For one, they helped maintain an appropriate level of liquidity in Malaysia's economy. Secondly, specific allocations were made to facilitate business opportunities, build and protect human capital, maintain stability in the employment market, provide tax and other financial incentives, and initiate infrastructure development projects.

In support of the Government's economic stimulus packages, the Companies Commission of Malaysia (SSM) has introduced a number of new initiatives. These included a temporary reduction in fees for the incorporation of companies, the increase of authorised capital of companies, lower fee structure for new and renewal of business registrations, a temporary waiver of e-Lodgement subscription fees, a reduction in standard fees for training programs conducted by the SSM Training Academy (COMTRAC), and the re-introduction of the moratorium period to incentivise the striking-off of dormant companies.

All of these measures had a very positive impact on Malaysia and on our economy. The discount and waiver of these fees contributed to the creation of new companies and businesses and also stimulated domestic business activities. The temporary reduction in COMTRAC's fees allowed more people to access training and re-training programmes, while the re-introduction of the moratorium period prevented directors and shareholders of dormant companies from incurring continuous liability. For these strategic moves, I congratulate SSM for being proactive in assisting the Government during our recent challenges.

Despite the adverse effects of the sub-prime mortgage crisis, much can be learnt from the event. Like most previous economic crises, the sub-prime mortgage crisis occurred due to the lack of good corporate governance practices. It started with banks

and financial institutions disbursing loans to individuals who were not creditworthy. These loans were later structured, packaged and rated, then sold and re-sold. The combination of human imagination and greed eventually led to the downfall of banks and financial institutions around the world upon the failure of debtors to service their loans. This domino effect took a toll on the employment market, consumer consumption, import-export orientation, market confidence and ultimately the economy of the country. In some countries, these issues led to social unrest, unemployment, higher crime rates and poverty. Who would have thought that the absence of good corporate governance in a few banks would have had such an intricate and profound effect on society, the nation and ultimately the world as a whole? The absence of good corporate governance in this case not only affected the business environment, but also penetrated the many levels of our social fabric.

Because of this, I would like to call on all companies to implement good corporate governance practices. Ensuring good corporate governance eventually falls on corporate regulators and enforcement agencies, but it begins with the companies. According to the High Level Finance Committee Report on Corporate Governance, corporate governance is "...*the process and structure used to direct and manage the business and affairs of the company...*" Bearing in mind this definition, corporate governance in my view predominantly relates to the management of the affairs of a company. The law merely provides a broad framework to facilitate such management processes. It is more internally driven rather than externally driven. In a market-driven environment, the need for such an approach becomes even more apparent. As such, all the components of a company - the directors, shareholders, company secretaries, auditors, the management and even employees have an important role to play to ensure the observance of good corporate governance practices.

Financial Year 2009 also witnessed the United Nations Climate Summit (COP 15) in Copenhagen, Denmark from 7 to 18 December 2009. At the conclusion of COP 15, the Copenhagen Accord was agreed upon by the United States, China, India, Brazil, South Africa and major European nations which called for, *inter alia*, the recognition of climate change as one of the greatest challenges for mankind in this era. Most would see the event as being a meeting of nations to address the issue of global climate change. Not many are able to relate the summit and its potential impact on the business environment. Though the Copenhagen Accord is not legally binding, it sets the tone for a greater and heightened commitment by countries around the world in addressing climate change. The implications on the business community can actually be far reaching. The worldwide call to maintain the increase in global temperature to below 2 degrees Celsius may eventually lead to stricter enforcement of relevant laws, the introduction of new laws and policies, the requirement for new businesses and industrial processes to be introduced, the integration of climate and environment related issues into business decisions, and even the emergence of new products and services. In a nutshell, the '*green revolution*' and the issue of sustainability are slowly emerging as serious business considerations. The impact of COP 15 goes beyond environmental considerations and will redefine the boundaries of business globally as well as in Malaysia. For the corporate and business community, the notion of creating a sustainable future is embodied in the concept of corporate responsibility (CR).

I am glad that SSM took the initiative of introducing the SSM Corporate Responsibility Agenda (SSM CR Agenda) in June 2009. The SSM CR Agenda, which serves as a road map for SSM to inculcate the culture of CR amongst the business community, is indeed an important and relevant document. It augurs well with the various Government aspirations such as Vision 2020, the Ninth Malaysia Plan, the upcoming Tenth Malaysia Plan and the annual budget. The task of inculcating such a culture, however, is not easy especially where SSM's objective is to convey the message of CR to more than 880,000 companies and 4 million businesses registered nationwide. However, with a clear road map and the stakeholders working together with SSM, I am sure that we will be able to attain this goal together. The business and corporate community

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must brace themselves for the challenge of integrating corporate responsibility with their daily business affairs. This requires business and corporate participants to equip themselves with relevant knowledge and skills. In anticipating the ramifications of COP 15, it would be prudent for companies to make early adjustments to their business processes, structures, products and services so as to be able to ride the changes that will take place in the near future.

The inclusion of the concept of CR requires a fresh approach to business practices. Not only will the business community be required to think about the aspects of profit and governance, but also the impact of their business activities on society, the environment and the economy. In this regard, I see CR as a paradigm shift. The change must first occur in terms of one's mindset before any physical changes in the business process, structure, products and services can ensue. Usually, it is mindset change that is most challenging. Only with an open mind and sufficient knowledge will one be able to embrace such a paradigm shift with relative ease.

The issues pertaining to the global economic slowdown, corporate governance and CR are all topics of international and domestic significance. Malaysia, as part of the global community, cannot afford to ignore totally such subjects nor take them lightly. To remain competitive globally as a business destination, the country needs more than good physical infrastructure and skilled human capital. In this regard, I wish to congratulate SSM for coming up with their Second 5-Year Strategic Direction Plan (SDP II) which will be implemented from 2010 until 2014. This strategic organizational roadmap contains the key areas to be developed and the respective projects to be carried out within the next 5 years.

SDP II is a mix of both contemporary and new undertakings as well as a reinforcement of SSM's existing functions. New areas such as the establishment of a one-stop information portal, one-stop business centre and business research centre augur well with the Government's aspirations to facilitate the conduct of businesses. The development of advisory services and the organizational restructuring towards attaining a *middle heavy structure* will redefine SSM's roles and bring about changes in the public service delivery system while the pursuit of CR will serve as an impetus towards remodeling the country's economy from one which is purely profit driven to one which focuses on both profitability and sustainability.

I am confident that SSM will continue to serve the Malaysian public and the country in the years to come. I wish them all the best for their 2010 endeavors and hope more milestones will be achieved next year.

**DATO' SRI ISMAIL SABRI BIN YAAKOB**

Minister of Domestic Trade, Co-operatives & Consumerism

29 January 2010









# CHAIRMAN'S FOREWORD





A man in a grey double-breasted suit, white shirt, and patterned tie stands in a conference room. He is smiling and has his left hand in his pocket and his right hand resting on a black office chair. The room features a large wooden conference table and several black office chairs. The background shows a wall with a large window and a wooden panel.

# CHAIRMAN'S FOREWORD

**Datuk Mohd Zain bin Mohd Dom**

*Chairman*

Companies Commission  
of Malaysia



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## CHAIRMAN'S FOREWORD

Since my appointment as the Chairman of the Companies Commission of Malaysia (SSM) in March 2007, I have witnessed numerous milestones and improvements particularly in relation to SSM's public service delivery system. It is indeed refreshing to see new paradigms and boundaries of the public service delivery system being continuously explored and new challenges being taken on by SSM. While the private sector plays an important role in the country's economy, the public sector plays a no less important role in supporting and facilitating smooth and orderly business transactions in the country. The need for collaboration between the public and private sectors has become more apparent and important especially in light of the challenges posed by the current global economic climate.

SSM has indeed come a long way since the drawing up of the new Clients Charter which revolutionized its counter services, the introduction of e-Lodgement and e-Info services and the Business Registration Mobile Counter (BRMC) initiative. Last year, SSM introduced several initiatives to support the Government's two economic stimulus packages which included a temporary reduction and a waiver of selected fees. These strategic initiatives serve as a catalyst in ensuring a sustained and robust national economy. The significance of these moves is not confined to our domestic shoreline but also extends beyond our boundaries. The development and introduction of these initiatives have assisted in maintaining the international competitiveness of the country as well as encouraging the inflow of foreign investments.

I am pleased to note that SSM is taking a holistic approach to define the boundaries of our public service delivery system; much emphasis is being placed on stakeholders' engagements as well as collaboration with the private sector, professional bodies, Government agencies and ministries. SSM adopted a proactive stance in organizing stakeholders' consultations and engagements throughout 2009. Last year, two Corporate Practice Consultative Forums (CPCF), five CPCF Technical Committee meetings, two Annual Dialogues and numerous other consultations on subjects such as the formulation of the legal framework for Limited Liability Partnerships (LLP), Accounting Standards, Company Secretary Integration (CSI) and corporate responsibility were held. Such engagements, carried out in a harmonious and cordial manner and in the spirit of collaboration, were successful in addressing long-standing issues that have an impact on SSM's stakeholders and members of the business community. The CPCF and CPCF Technical Committee meetings provided an opportunity for issues to be raised, paving the way for the issuance of three Practice Notes in 2009 which generally benefited the members of the industry. I applaud and thank our many stakeholders for making such engagements a success.

Consistent with the spirit of 1Malaysia, SSM also increased its stakeholders' engagements in East Malaysia. Last year, two CPCF meetings, two Annual Dialogue sessions and a roundtable discussion on the LLP were held in Sabah and Sarawak. The organization of the CPCF meetings in East Malaysia, previously held in Kuala Lumpur, represents a milestone as it enabled the participation of all SSM stakeholders, and allowed for consultations to be more comprehensive. In addition, this arrangement has also enabled the West Malaysian and East Malaysia stakeholders to discuss, integrate and fraternize with their respective counterparts. In this regard, the stakeholder engagement sessions have taken on a secondary role of creating the spirit of *'muhibbah'* amongst all Malaysians. It is envisaged that SSM will continue to organize more such activities towards facilitating the business activities of our stakeholders in East Malaysia.



In line with its tradition of rolling out improvements to its public service delivery over the past five years, SSM has continued on this path with several new improvements. In 2009, SSM increased the frequency of its BRMC activities nationwide to 1,928 from 813 in 2008 to facilitate the registration of new businesses and renewal of business registrations. Some of these activities were carried out in collaboration not only with Government agencies and departments but also with trade associations. The MyCoLD project mentioned in The Hon. Prime Minister's 2010 Budget speech provided for the usage of a single reference number (i.e., SSM's company incorporation number) by organizations such as the Inland Revenue Board (IRB), Employees Provident Fund (EPF) and Social Security Organization (SOCSO) for registration, communication and reference purposes, respectively. The second phase of MyCoLD, to be deployed in the near future, will be even more exciting as it will feature the auto population capabilities of the database of IRB, SOCSO and EPF, on completion of the incorporation process currently underway in SSM.

Last year, in collaboration with its stakeholders, SSM developed the CSI system which enables direct interface between the company secretaries' computer system and SSM's database to enable online submission. The CSI is targeted at reducing problems during peak periods in January and July each year when annual returns are lodged. Finally, to further complement its state offices nationwide and facilitate transactions with the public, SSM opened a branch office in Temerloh, Pahang. These are some of the highlights of the improvements to the public service delivery system last year. Details of such achievements aforementioned as well as other milestones are contained in the subsequent pages of SSM's 2009 Annual Report.

Although Malaysia ranks 23rd amongst 183 global economies surveyed by the World Bank's *Doing Business 2010*, we should strive harder towards achieving a higher ranking in the future. As a starting point for business, SSM plays an important and strategic role in the incorporation of companies and registration of partnerships and sole proprietorships. In the context of the World Bank's *Doing Business*, SSM possesses a direct and significant role in the 'Starting a Business' assessment area. At the time of writing this message, I understand that SSM has already embarked on further reducing the process, time and cost involved in the aforesaid assessment area. The outcome of the project, which also involves the IRB and the Malaysian Administrative and Modernization Planning Unit (MAMPU), will hopefully, be unveiled in time for the World Bank's upcoming assessment for *Doing Business 2011* next year. I have every confidence that SSM will be able to repeat its success of contributing towards improving the country's ranking from the 25th to 20th position (amongst 181 economies surveyed) in *Doing Business 2008* which was largely achieved through the introduction of the new Clients Charter and e-Lodgement exercise.

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Consistent with the Government's move to leverage on the vast potential of ICT, SSM's initiatives in introducing the e-Lodgement and e-Info services are indeed timely. The introduction of these e-Services, however, represents only part of the challenge as the real challenge is in getting the stakeholders to fully utilize the e-Services. The digital divide between rural and urban areas, ICT literacy rate and internet penetration rate are some of the challenges that need to be addressed to ensure a reasonably good uptake rate. In my view, however, the most apparent problem lies in the mindset. This is where the saying '*old habits die hard*' remains relevant. Although the e-Services offer many benefits, the public still prefers to frequent SSM's counters to carry out transactions. Towards addressing this issue, SSM has made it mandatory for the procurement of corporate and business information to be done on-line via the e-Info effective 1 March 2009. At the same time, SSM introduced the e-Info kiosks to cater to and facilitate the segment of its stakeholders who continue to visit its office premises nationwide to procure corporate and business information. This move is consistent with the Government's aspiration towards achieving '*zero counter visits*'. The 2009 e-Info transactions data reveal encouraging results with the uptake rate for on-line transactions being 71% compared to e-Info kiosks which is 29%. With an average monthly uptake rate of 70% achieved in 2009, I am optimistic that the uptake rate for SSM's e-Info services will exceed 90% by 2011.

Finally, I would like to thank all SSM Executive Management and staff for a job well done in 2009. Let us stand together and brace ourselves for more challenges in 2010 and beyond.

**DATUK MOHD ZAIN BIN MOHD DOM**

Chairman,  
Companies Commission of Malaysia

25 January 2010



**UPPER VIEW GLASS ROOF, LEVEL 10**





# CEO'S REVIEW OF THE YEAR





# CEO'S REVIEW OF THE YEAR

**Dato' Azmi bin Ariffin**

*Chief Executive Officer*  
Companies Commission  
of Malaysia



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# CEO'S REVIEW OF THE YEAR

I vividly remember my first impression of the Companies Commission of Malaysia (SSM) when I first set foot into the organization on 16 April 2009 as its third Chief Executive Officer - an impression of dynamism with a workforce to match. Almost immediately, I was subjected to a series of briefings by the members of the Executive Management during my first few days in the organization. They briefed me on the various projects and activities which they have either embarked or will be embarking on in 2009. It has been sort of a roller-coaster ride since then, implementing and carrying out the various activities, pre-planned since the fourth quarter of 2008.

The overall implementation of activities throughout last year has been carried out on a strategic basis, taking into consideration the economic downturn projected earlier pursuant to the global effects of the United States' sub-prime credit crisis. The challenges of the global economic downturn experienced last year forced many economies to rethink their strategies. In this regard, SSM took a similar path by introducing various measures to cushion the adverse effects of the economic downturn on the country. These special measures were carried out in tandem with the various pre-planned activities identified at the end of 2008. Principally, the effect of the various activities and projects carried out last year had a positive impact on 3 key result areas (KRAs), namely public service delivery, corporate governance and strategic organizational orientation.

## **KRA 1: Public service delivery**

In relation to public service delivery, one of the main highlights last year was perhaps SSM's initiative to support the Government's two economic stimulus packages. The so called '*SSM economic stimulus package*' saw a temporary reduction in selected fees payable to SSM for a period of one year beginning 1 April 2009 till 31 March 2010. They included the incorporation fees for a new company, fees payable for an increase in paid-up capital of an existing company, the registration fee for new businesses (i.e., sole proprietorships and partnerships), fees for the renewal of existing businesses and the fees for selected training programs organized by the SSM Training Academy (COMTRAC). Apart from the discounted fees, SSM had also temporarily waived the payment of subscription fees for the e-Lodgement service throughout that aforementioned period. In undertaking this initiative, SSM had effectively sacrificed approximately RM15.23 million in revenue!

The '*SSM economic stimulus package*' gave the much needed support to the Government's efforts in pump-priming the country's economy amidst the global economic slowdown. The reduction in fees for the incorporation of new companies, increase in paid-up capital, registration of new businesses and renewal of the registration of existing businesses helped to promote new investments as well as assisted members of the public to participate in business activities. Statistics showing the effect of this initiative from March 2009 to December 2009, compared with the same period in 2008 indicates an increase of 394% for registration of new businesses for a period of three years and above as well as a 21% increase in renewal of business registration for a period of three years and above.

SSM considers stakeholders' engagement as a part of its public service delivery system. In this regard, the term '*public service delivery*' is seen to possess a wide connotation and extends beyond the parameter of counter service. Beginning 2009, SSM has intensified its stakeholders' engagements via the Corporate Practice Consultative Forum (CPCF), Annual Dialogues and various roundtable discussions.



For the first time since its establishment in 2005, SSM last year had conducted two CPCF meetings in Sabah and Sarawak. This was in recognition of the need for SSM to include the relevant parties in the two states in its stakeholders' engagement platform. The CPCF membership expansion to the prescribed bodies based in Sabah and Sarawak (i.e., the Advocates Association of Sarawak and the Sabah Law Association) has added a new dimension to the CPCF where issues, problems and proposals from the East Malaysian representatives can also be deliberated. SSM's move is not only consistent with the Government's 1Malaysia concept but also helps remedy the misconception that SSM is focusing only on Peninsular Malaysia.

Last year also saw the setting up of the CPCF Technical Committee meeting (CPCF TC), a working level platform to enable detailed discussion on policies and practice issues between SSM and the CPCF members. The CPCF and CPCF TC meetings allowed for various issues and problems pertaining to company secretarial practices and interpretation of the law to be resolved in the spirit of mutual understanding and cooperation. On SSM's part, it has leveraged on the CPCF platforms as a 2-way traffic platform to update its stakeholders on its new products, policies and projects such as the various e-Info product derivatives, the closure of counters for e-Info, the Company Secretaries Integration (CSI) system, consultation in relation to the LLP, the SSM Corporate Responsibility Agenda (SSM CR Agenda) as well as to instill awareness of various corporate governance-related issues. In the spirit of inter-regulators' cooperation, SSM had even offered the CPCF platform for the Labuan Financial Services Authority (Labuan FSA) to conduct a briefing on its co-location initiative.

The implementation of a single reference number (i.e., SSM's company incorporation number [MyCoID]) for the purpose of reference, registration and transaction by agencies such as the Inland Revenue Board, Employees Provident Fund and Social Security Organization, from August 2009 constituted a paradigm shift and will have a strategic impact on the country in facilitating public-Government transactions. The next phase of the MyCoID project will be even more exciting. It will feature the 'pull' and 'push' mechanism towards enabling simultaneous registration with the aforesaid agencies upon incorporation being done in SSM.

SSM had last year also developed the CSI system which integrates SSM's database with that of the company secretaries to enable direct population of data keyed in by the company secretaries. The introduction of CSI is projected to overcome the problem of congestion at counters for the purpose of lodgement of annual return during peak periods (June to July and December to January each year).

A total of 2,013 mobile counters were established in 2009 compared to 1,399 in 2008 (which represented an increase of 43.9%). The setting up of mobile counters is a form of co-location of SSM counter services to facilitate the registration of new businesses and renewal of business registrations by traders and small businesses as well as encourage entrepreneurship. SSM's business mobile counters nationwide generated RM6,850,330 in revenue compared to RM5,436,357 in 2008, representing a 26% increase in revenue.

Although the collection of revenue is not a primary consideration for SSM in carrying out its mandate, I am proud of the fact that despite the economic slowdown and the introduction of *SSM economic stimulus package*, last year, SSM was still able to collect an impressive RM313.90 million in revenue. Again, SSM's revenue stream was sustained in comparison with the revenue collection in 2008 which stood at RM314.88 million. In this regard, I would like to express my gratitude to all SSM staff especially our Operations component as well as the State directors and staff as they have been very diligent and proactive in pursuing new incorporations, registrations and renewals.



## KRA 2: Corporate governance

In the corporate governance front, SSM is placing emphasis on stakeholders' education in addition to conventional enforcement activities such as investigation, imposing compounds and prosecution. COMTRAC has played a very prominent role by organizing 131 programmes, attracting more than 3,900 participants comprising company directors, company secretaries, auditors and members of the management.

To assist the stakeholders' understanding and implementation of the provisions of the Companies Act 1965, SSM had in 2009 issued three (3) Practice Notes (PN) namely:

- **PN3/2009** - Confirmation on the latest shareholding structure/composition of a company issued by a company secretary;
- **PN4/2009** - Notification in relation to the identification of the chargees for the execution of Form 42B for the discharge of charge under the Companies Act 1965 (CA 1965); and
- **PN5/2009** - The filing of objection pursuant to a claim of amount due and owing against a company undergoing a striking-off process.

One of the key themes of SSM's conventional enforcement last year was the crackdown on illegal interest scheme operations. For this purpose, SSM had established a task force to gather intelligence and investigate business operations which carried out unregistered interest schemes business. A result of this initiative, SSM was able to take administrative action against three companies operating unregistered land banking schemes. In addition, SSM has also applied for an injunction under section 368A of CA 1965 to halt a company from offering birds' nest investment schemes to the public. This application, which was later granted by the High Court, was SSM's first application of section 368A since its introduction on 15 August 2007.

SSM in 2009 had also embarked on major prosecution action against company directors for breaching section 132(1) of CA 1965. Section 132(1) requires company directors to exercise their powers for a proper purpose and in good faith in the best interest of the companies. Charges were levelled against eight company directors for a breach of the said provision involving a diverse set of facts and circumstances.



### KRA 3: Strategic organizational orientation

SSM in 2009 had developed two important master plans comprising a strategic organizational direction and a road map for corporate responsibility (CR). The former provides the next generation of strategic organizational intent while the latter enables SSM to embrace the latest and contemporary topic in the business environment.

For an organization like SSM to be truly effective in carrying out its mandate, the strategic organizational intent and functional parameter should be clearly defined. In this regard, SSM had developed its Second Five Year Strategic Direction Plan (SDP II) to cater for the period from 2010 to 2014. The SDP II provides SSM with a clear and structured strategic organizational intent, identifies strategic areas of emphasis and the relevant projects to be carried out. Its salient features include:

- A new vision statement for the organization namely:

***“Meeting business needs through effective registration, information, regulation and advice”***

- Seven Strategic Thrusts and 22 end-state descriptions (EDS) structured as follows:

No.	STRATEGIC THRUSTS	END STATES		
1.	Promoting and driving good governance to enhance a conducive business environment	Driver of corporate responsibility	Leading corporate regulator	Ease of doing business
2.	Delivering innovative products and services to meet stakeholders needs	Advisory services	One stop information portal	One stop business centre
		Effective promotion and marketing	Asset management	Continuous product innovation
3.	Providing superior service delivery through operational excellence	Efficient & effective organization		Financial sustainability
4.	Generating synergies through strategic collaboration	Successful strategic alliance		Global presence
5.	Evolving to a knowledge driven organization to develop competitive advantage	Business research centre	Knowledge hub	Renowned training centre
6.	Driving high performance culture through capacity and capability building	Middle heavy structure		Service oriented mindset
		High performance culture		Robust talent management
7.	Optimizing ICT to enhance efficiency, effectiveness and enterprise agility	Internal SLA's + embedded in other thrusts		

- 54 identified key projects to be implemented towards achieving the end states envisaged.



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In conclusion, the SDP II provides SSM a clear road map on the strategies, direction and philosophy to be undertaken in the next five years. In addition, the SDP II identifies the key strategic areas to be developed which will have an important impact on the organization, stakeholders and the country in general. More importantly, the strategic framework provided by SDP II will not only support the implementation of the 9th Malaysian Plan and the upcoming 10th Malaysia Plan, it will also serve as an important catalyst in nation building.

SSM has also identified the pursuit of CR as representing the next step of evolution in the business environment. As such, it has taken the initiative to draw a master plan known as the SSM CR Agenda towards inculcating CR as a culture amongst the corporate and business community. The SSM CR Agenda will enable SSM to position itself in the national pursuit of inculcating the CR culture consistent with Vision 2020, the 9th Malaysia Plan, the soon-to-be introduced 10th Malaysia Plan, the Government's annual budget as well as the international call for corporations and businesses to adopt CR practices. SSM is focusing on the Small and Medium Enterprises (SMEs) as more than 90% of the enterprises in the country fall under the SME category. The SSM CR Agenda is a strategic organizational undertaking as SSM is well positioned to leverage on its role as the incorporation/registration authority of more than 850,000 companies and 4 million partnerships and sole proprietorships registered with the organization.

The handing over of SSM's new headquarters located at Kuala Lumpur Sentral on 31 December 2009 marks a new era for the organization. Beginning next year, SSM would have a new place to call home. In my view, the physical migration augurs well with the commencement of the implementation of SDP II. In this regard, change has occurred, both in terms of physical migration and strategic organizational orientation. It is very rare for an organization to experience both types of changes simultaneously. More often than not, an organization would embark on new visions and directions within the confines of existing facilities or *vice versa*. SSM in this regard is very unique and fortunate. A fresh organizational orientation supported by new and modern infrastructure can certainly achieve wonders beyond imagination. As such, SSM must take advantage of this golden opportunity and leverage on these forms of change towards achieving greater heights in the future.

There are many more milestones which I am unable to do justice by describing them in the short space accorded to me. To describe them in brief would not do justice as the entire story and history behind them will be left untold. Such milestones, however, are explained and described in greater detail throughout the subsequent pages of this Annual Report. As such, I invite readers to peruse the content of this document in order to better appreciate our achievements and activities last year.

Lastly, let me say that SSM would be facing new challenges next year. In the context of the post sub-prime crisis, such challenges can to a large extent be unpredictable. Managing unpredictability is going to become a new norm from 2010 onwards. As such, I call upon all SSM staff and stakeholders to work together towards addressing such challenges. Let's double our efforts and work closer together next year.

**DATO' AZMI BIN ARIFFIN**

Chief Executive Officer,  
Companies Commission of Malaysia

5 March 2010



MEETING ROOMS, LEVEL 18





# SSM COMMISSION MEMBERS



# SSM COMMISSION MEMBERS



**DATUK HJ. SAPAWI BIN  
HJ. AHMAD**



**DATO' AZMI BIN ARIFFIN**



**DATUK MOHD  
ZAIN BIN MOHD DOM**  
Chairman



**DATO' HJ. ISMAIL BIN  
HJ. MOHAMED SAID**





**SURUHANJAYA SYARIKAT MALAYSIA**  
**COMPANIES COMMISSION OF MALAYSIA**



**DATIN ROZAINA BINTI  
ZAINUDDIN**



**PUAN ZAITON BINTI  
MOHD HASSAN**



**DATUK IDRUS BIN HARUN**



**DATUK IDRIS BIN  
ABDULLAH**

## SSM COMMISSION MEMBERS

### DATUK MOHD ZAIN BIN MOHD DOM - Chairman



Datuk Mohd Zain bin Mohd Dom holds a Bachelor's degree in Sociology from Universiti Sains Malaysia. He began his career with the Malaysian Government's Administration and Diplomatic Corp in 1976 and has, amongst others, held the positions of Assistant Under Secretary and Principal Assistant Director of the International Trade Division, Assistant Permanent Malaysian Representative to Geneva and Deputy Permanent Representative to the United Nations, Geneva (International Trade Division). Other notable appointments include the Minister Counsellor for Economic Affairs of the Malaysian Permanent Representative Office to the European Union (EU), Brussels and the Malaysian Permanent Representative Office to the World Trade Organisation (WTO), Geneva. He was the Lead Negotiator for the Malaysia–New Zealand FTA as well as the ASEAN–Australia–New Zealand FTA negotiations in 2005 and 2006.

Datuk Mohd Zain was appointed Secretary General of the Ministry of Domestic Trade, Co-operatives and Consumerism on 6 February 2007 and subsequently as Chairman of SSM on 1 March 2007. Datuk Mohd Zain also serves as a Commission Member of the Malaysian Communications and Multimedia Commission, effective January 2008.

### DATUK IDRUS BIN HARUN



Datuk Idrus bin Harun was appointed a Commission Member in April 2002. He holds a LLB (Hons) Degree from University of Malaya. Datuk Idrus began his career as a Legal Officer in 1980 and has since then 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 to the State of Terengganu, Senior Federal Counsel of the Anti-Corruption Agency and Legal Advisor to 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.

Datuk Idrus also served as a member of the Labuan Offshore Financial Services Authority (LOFSA), Securities Commission and the Foreign Investment Committee (FIC), amongst others. At present, he is a member of the Malaysia–Thailand Joint Authority (MTJA) and the Retirement Fund (Incorporated).



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## DATUK IDRIS BIN ABDULLAH

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Datuk Idris bin Abdullah was appointed a Commission Member effective 16 April 2007. He holds a First Class LLB (Hons) Degree from the University of Malaya and began his career in 1981 as a resident lawyer at Ting and Company Advocates in Sibul, Sarawak. Between 1982 and 1985, he served as an in-house Legal Advisor to a group of companies with diverse interests in property development, timber extraction and processing, leisure and hospitality business as well as wholesale and general retail trading. He is also engaged by several companies based in Sarawak to act as advisor in various areas including building, construction and motor trading as well as recreational clubs and the education sector.

Datuk Idris is currently a senior partner at Idris and Company Advocates. He currently holds several key positions in Malaysia and Singapore, namely as Commission Member of the Malaysian Communications and Multimedia Commission (MCMC), Chairman/Director of Magnus Energy Group Ltd (listed on Singapore SESDAQ) and Chairman/Director of Industrial Power Technology Pte Ltd.

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## PUAN ZAITON BINTI MOHD HASSAN

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Puan Zaiton binti Mohd Hassan has been serving as a Commission Member since December 2003. She qualified as a fellow of the Chartered Association of Certified Accountants, UK (FCCA) in 1985. She was an auditor with PricewaterhouseCoopers before joining Bank Pembangunan (M) Berhad. She served Maybank for 12 years before being appointed as the President of the Malaysian Rating Corporation Berhad (MARC) from 1996 to 2004.

Puan Zaiton is currently the Managing Director of Capital Intelligence Advisors Sdn. Bhd. She is a board member of Credit Guarantee Corporation Malaysia Berhad, BIMB Holdings Berhad, Bank Islam Malaysia Berhad and Malaysian Industrial Development Finance Berhad (MIDF).

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## DATO' HJ. ISMAIL BIN HJ. MOHAMED SAID

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Dato' Hj. Ismail bin Hj. Mohamed Said was appointed a Commission Member effective 1 June 2009. He graduated with LLB (Hons) from Universiti Kebangsaan Malaysia in 1990. Dato' Hj. Ismail began his career as a Legal Assistant in Messrs. Bahari, Choy & Nongchik. He is currently a partner in the same legal firm. He is also the Chairman of Entrepreneur Development Council, Temerloh and a Director of the Malaysia France Institute. Dato' Hj. Ismail is a Member of Parliament for Kuala Krau, as well as the Division Chief of UMNO Kuala Krau.

### DATUK HJ. SAPAWI BIN HJ. AHMAD



Datuk Hj. Sapawi bin Hj. Ahmad was appointed a Commission Member effective 20 July 2009. He graduated with a Bachelor of Arts (Hons) degree, majoring in history from Universiti Kebangsaan Malaysia. Prior to his involvement in politics, Datuk Hj. Sapawi began his career in education, remaining in this field for almost 20 years, before his appointment as the Director of Biro Tatanegara (Sabah). He is the Chairman of the Sabah Land Development Board and also the Chairman of the Sabah Language and Literature Council. Datuk Hj. Sapawi is the Member of Parliament for Sipitang, the Division Chief of UMNO Sipitang, as well as the Head of UMNO Information Division for Sabah.

### DATIN ROZAINA BINTI ZAINUDDIN



Datin Rozaina binti Zainuddin was appointed a Commission Member effective 25 August 2009. She holds a Masters Degree in Business Management (Techno-Entrepreneurship) from Universiti Teknologi Malaysia and is a Member of The Chartered Institute of Transport (UK). She started her career in the public service with the Road and Transport Department in 1981 and has since then served at various government organizations including the Education Commission, the Ministry of Transport, the National Institute of Public Administration, Malaysia (INTAN), the Inland Revenue Board of Malaysia and the Public Service Department. Datin Rozaina is currently the Deputy Under Secretary of the Remuneration Policy, Public Money and Management Services Division of the Ministry of Finance.

### DATO' AZMI BIN ARIFFIN




Dato' Azmi bin Ariffin was appointed as the third Chief Executive Officer of the Companies Commission of Malaysia (SSM) effective 16 April 2009. Prior to assuming the position of CEO, Dato' Azmi served as the Head of Commercial Crime Unit of the Attorney General's Chambers in Putrajaya. He graduated with an LLB (Hons) from the University of Malaya and commenced his career with Legal and Judicial Service on 1 October 1987. He has served in various capacities namely Deputy Public Prosecutor with the Anti Corruption Agency from 1987 to 1990, senior Magistrate in Kuching Magistrates' Court from 1990 to 1991, Deputy Public Prosecutor with Johor State Legal Advisor's Office from 1991 to 1994, Research Officer with High Court of Johor Bahru from January to October 1994, Deputy Public Prosecutor with Kedah State Legal Advisor's Office from 1994 to 2000 and as Head of the Prosecution Unit with the Kelantan State Legal Advisor's Office, from 2000 to 2004. He had also served as the Deputy Head of Crime Division of the Attorney General's Chambers. Dato' Azmi is also a board member of the Labuan Financial Services Authority (Labuan FSA) as well as a member of the Financial Reporting Foundation.

The image is a composite of two photographs. The top photograph shows a close-up of a modern building's facade, featuring large glass windows and white structural columns. The bottom photograph shows an interior waiting area on Level 18, furnished with several orange armchairs arranged around small, round, dark tables. Large windows in the background offer a view of a cityscape.

# SSM EXECUTIVE MANAGEMENT

WAITING AREA, LEVEL 18





**Muhammad  
Redzuan Abdullah**

**Rokiah Mohd Nor**

**Zahrah Abd  
Wahab Fenner**

**Dato' Azmi Ariffin**

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# SSM EXECUTIVE MANAGEMENT

## **DATO' AZMI ARIFFIN** - Chief Executive Officer

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Dato' Azmi bin Ariffin was appointed as the third Chief Executive Officer of the Companies Commission of Malaysia (SSM) effective 16 April 2009. Prior to assuming the position of CEO, Dato' Azmi served as the Head of Commercial Crime Unit of the Attorney General's Chambers in Putrajaya. He graduated with an LLB (Hons) from the University of Malaya and commenced his career with Legal and Judicial Service on 1 October 1987. Since then he has served in various capacities namely Deputy Public Prosecutor with the Anti Corruption Agency from 1987 to 1990, senior Magistrate in Kuching Magistrates' Court from 1990 to 1991, Deputy Public Prosecutor with Johor State Legal Advisor's Office from 1991 to 1994, Research Officer with High Court of Johor Bahru from January to October 1994, Deputy Public Prosecutor with Kedah State Legal Advisor's Office from 1994 to 2000 and as Head of the Prosecution Unit with the Kelantan State Legal Advisor's Office, from 2000 to 2004. Dato' Azmi is also a Board Member of Labuan Financial Services Authority (Labuan FSA).

## **ZAHRAH ABD WAHAB FENNER** - Deputy Chief Executive Officer (Services)

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Zahrah was appointed as the Deputy Chief Executive Officer [DCEO (Services)] on 1 June 2002. As the DCEO (Services), Zahrah oversees the Corporate Resource Division, the Corporate Development & Policy Division and the Public Affairs Section. Presently, she is also a member of the Approval and Implementation Committee of the Iskandar Region Development Authority (IRDA). Zahrah joined SSM in July 1995 and served as the Chief Accountant of SSM (previously the Registrar of Companies). She holds a Bachelor in Accounting (Hons) degree from Universiti Kebangsaan Malaysia and is a Chartered Accountant. She began her career as an Advisor Accountant with the Royal Customs and Excise Department between August 1984 and April 1992 where she advised on matters relating to valuation and standard international practices of the open market. Between May 1992 and July 1995, Zahrah was attached to the Ministry of Foreign Affairs as the Principal Accountant where she was responsible for handling the financial accounts and auditing of Malaysian Embassies and High Commissions worldwide.

## **ROKIAH MOHD NOR** - Deputy Chief Executive Officer (Operations)

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Rokiah was appointed as the Deputy Chief Executive Officer (Operations) [DCEO (Operations)] with effect from 5 July 2008. She oversees the functions of the Registration and Services Division, Marketing and Business Development Division, Information Communication & Technology Division and the Branch Operations Section which is responsible for the supervision and monitoring of 14 state offices, 3 branch offices and a service centre nationwide. Rokiah holds a Bachelor in Science (Hons) degree from Universiti Sains Malaysia. She joined the civil service as Commercial Registration Officer in January 1980. Over the years she has held various positions in the Registration Division and after the incorporation of SSM she became the Head of General Documents Section.

## **MUHAMMAD REDZUAN ABDULLAH** - Senior Director, Enforcement

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With his appointment as the Senior Director of the Enforcement Office in January 2009, Redzuan began to oversee complaints, compliance, investigation civil litigation and legal advisory portfolios in SSM. Prior to this appointment, between January 2004 and December 2008, he served as the Director of Legal Services, Director of Compliance, Senior General Manager of Enforcement and General Manager of Legal Department. Redzuan graduated from the International Islamic University Malaysia with an LLB (Hons) degree and began his career as a Police Officer, serving the police force from April 1974 to March 1995. He joined the Malaysian, Judicial and Legal Service on 15 March 1995 and served as a Senior Assistant Registrar and Senior Magistrate.

**MOHAMED ZANYUIN ISMAIL** - Director, Registration Services Division

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- **Portfolio:** Management of registration and incorporation documents lodged, winding up of companies and administration of interest schemes.
- **Career:** Appointed as Registration Officer/Assistant Registrar of Companies under the Ministry of Trade and Industry in 1980; Deputy Registrar of the Registry of Business in 1995; Senior Manager for Business Registration Section in 1995 and Director of Registration Services in 2003.
- **Academic Qualification:** Bachelor of Social Science (Hons), Universiti Sains Malaysia.

**AMIR AHMAD** - Director, Corporate Resources Division

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- **Portfolio:** Human capital management, talent management, organizational administration, integrity and discipline, administration, facilities management and financial affairs.
- **Career:** Attached with PA Management Consulting (M) Sdn. Bhd.; Maybank Bhd., UMW Corporation and Eden Enterprise Bhd. before 2004; appointed as the General Manager of Corporate Resources Division, SSM in 2004 and then Director of Corporate Resources Division.
- **Academic Qualifications:** Bachelor of Science in Business Administration, Bowling Green State University; Master of Business Administration (MBA), Western Michigan University.

**NOR AZIMAH ABDUL AZIZ** - Director, SSM Training Academy (COMTRAC)

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- **Portfolio:** Training of company directors, officers, company secretaries as well as members of the public on aspects of corporate law and enhancing SSM's staff capacity and capability.
- **Career:** Started as Advocate and Solicitor in 1992; Law Lecturer at Faculty of Business and Management, Universiti Kebangsaan Malaysia; seconded to the Malaysian Institute of Accountants in 2000; Appointed as the Head of the Corporate Policy, Planning and Development Department, SSM in 2003; served as Secretary, Corporate Law Reform Committee and Secretary, National Integrity Plan.
- **Academic Qualifications:** Bachelor of Law, Institut Teknologi MARA; Postgraduate Degree LLM (Business Law), University of Wales.

**GHAZALI ISMAIL** - Director, Marketing and Business Development Division

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- **Portfolio:** Development of SSM's products and services, supply of information and public service delivery system.
- **Career:** Started as Inspector, Royal Malaysian Police in 1978; Assistant Superintendent, Royal Malaysian Police in 1994; served as Observer for United Nations(UN) in Mozambique between 1994 and 1995; and Peacekeeper Officer, UN in Serbia, Kosovo between 1999 and 2000; seconded as Investigation Officer, Registrar of Companies in 2001; Manager of Investigation, SSM in 2002; appointed as the State Director of Perak and later Penang in 2006; promoted to Director of Compliance Division in 2007 and Director of Marketing and Business Development Division in 2008.
- **Academic Qualification:** Bachelor of Business Administration.



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**KHUZAIRI YAHAYA** - Director, Internal Audit

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- **Portfolio:** Periodical organizational audit on internal control and governance.
- **Career:** Started with Information and Communication Technology Division, Securities Commission and served for 14 years; appointed as the Director of Information and Communication Technology Division, SSM in 2003; and then Director of Internal Audit in 2007.
- **Academic Qualification:** Bachelor of Management, Purdue University.

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

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- **Portfolio:** Investigation.
- **Career:** Attached with Investigation Department, Securities Commission for 9 years; experienced with investigation in corporate and securities fraud, and appointed as the Director of Investigation Division, SSM in 2007.
- **Academic Qualifications:** 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 and Chartered Accountant, Malaysia Institute of Accountants (MIA).

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**AZRYAIN BORHAN** - Director, Corporate Development and Policy Division

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- **Portfolio:** Law reform, policy, international and domestic networking, statistics, economic research, accounting development, periodical reporting, strategic planning, project management and monitoring, risk management, corporate responsibility.
- **Career:** Practicing advocate & solicitor in 1999; Senior Prosecuting Officer, Securities Commission (SC) between 2000 and 2004, Senior Associate, Securities Issues Division, SC; Legal Manager, Borcos Shipping Sdn Bhd, Deputy General Manager (Legal), Biotech Medical Corporation Sdn Bhd, Assistant Vice President, Legal & Secretarial, Khazanah Nasional Berhad; and appointed as the Director of Corporate Development and Policy Division, SSM in 2007.
- **Academic Qualification:** Bachelor of Laws, International Islamic University of Malaysia.

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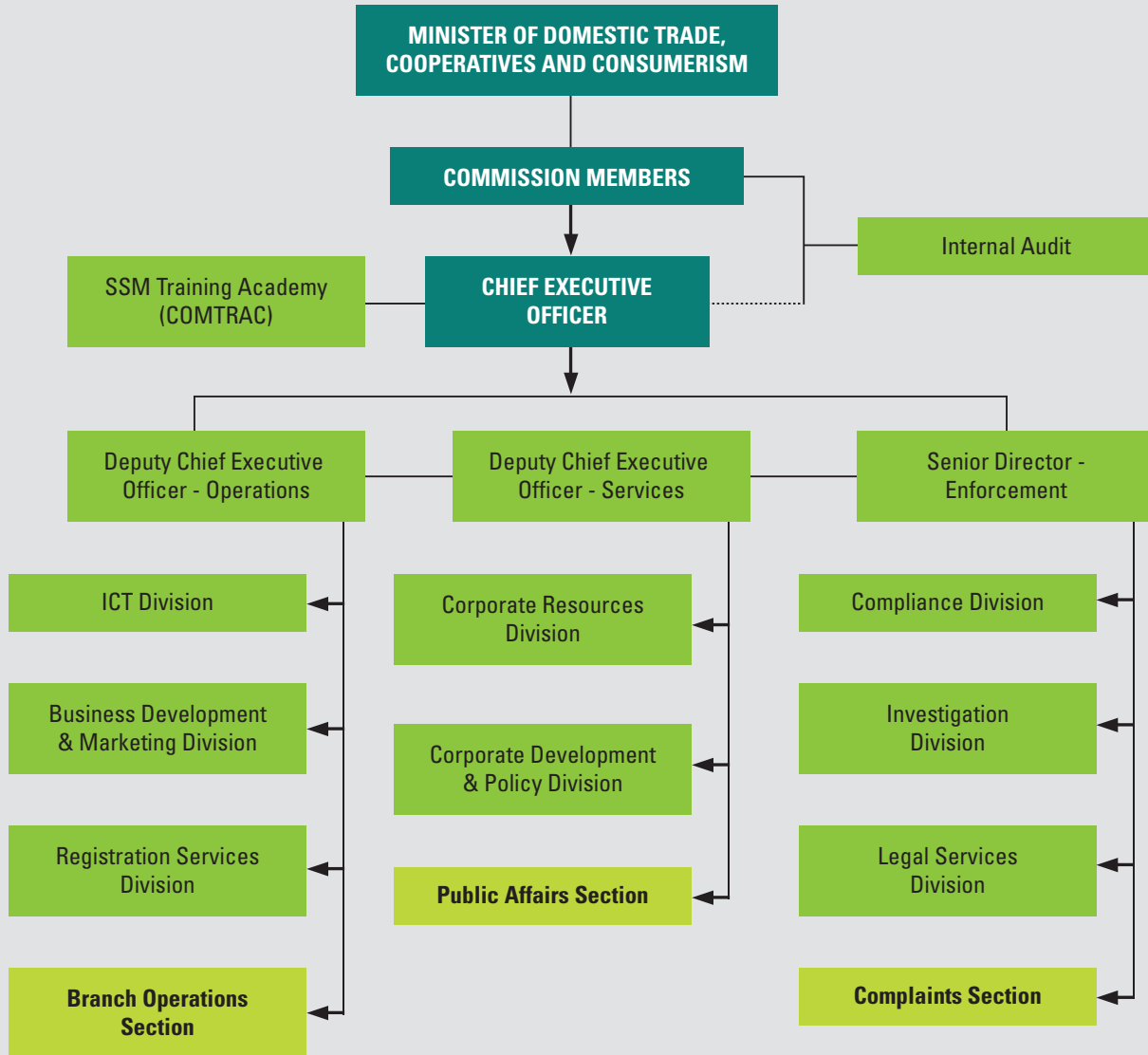
**ROSLI HAJI AHMAD** - Director, Compliance Division

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- **Portfolio:** Management of SSM's compliance and corporate surveillance activities on company secretaries, auditors and board of directors
- **Career:** Started as the 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; 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.
- **Academic Qualification:** Bachelor of Economics, Universiti Kebangsaan Malaysia.

# SSM ORGANISATIONAL CHART





# SSM 2009 ECONOMIC REVIEW



**MENARA SSM@SENTRAL,  
VIEW FROM JALAN BANGSAR**



# SSM 2009

## ECONOMIC REVIEW

In the earlier part of 2009, Malaysia saw the worst of times as the country, along with many advanced economies, slipped into recession in the first quarter of the year. This was largely attributed to the fallout from the sub-prime mortgage crisis in the United States (US) which surfaced in the early part of 2008 and later snowballed into a global financial crisis. However, by the third quarter of 2009, most major economies had exited the recession. The US, the world's largest economy, and the euro zone economies both grew by 0.4% in the third quarter compared to a 6.4% contraction in the US and 2.5% in the euro zone in the first quarter. Japan, the world's second largest economy, expanded by 1.2% in the third quarter as against a contraction of 14.2% in the first quarter.

Correspondingly, the Malaysian economy improved markedly in the second half of 2009. During the first quarter, the nation's economy contracted by as much as 6.2%, but recovered strongly with a significantly lower contraction of 3.9% and 1.2% in the second and third quarters respectively, and a positive growth of 4.5% in the fourth quarter of the year. The dramatic recovery of the global economy was primarily driven by the extensive economic stimulus packages introduced by many countries to sustain domestic consumption in order to rejuvenate their economy.

On the domestic front, the measures undertaken by the Government to pump-prime the domestic economy include:

- (a) Announcement of two economic stimulus packages totaling RM67 billion which has directly affected the construction sector with multiplier effects on domestic consumption and other sectors of the economy.
- (b) Provision of a more conducive business environment and introduction of a new economic growth model based on meritocracy, knowledge and innovation to increase private investments as well as foreign direct investments. Initiatives undertaken are the abolition of the Foreign Investment Guidelines and liberalizing of 27 service sub-sectors and financial services which include computer and related services, healthcare and social services, tourism services, transport, recreational, business services and shipping.
- (c) Intensification of efforts to fully leverage on niche areas, especially the services sector which currently accounts for 58% of the total gross domestic product (GDP) contribution. These areas include tourism, information technology and communication, finance and Islamic banking, the *halal* industry and green technology.
- (d) Provision of funds totaling RM8.8 billion to small and medium enterprises for working capital financing and development to enable them to sustain their business operations and preserve employment. Examples are the Working Capital Guarantee Scheme and Industry Reconstruction Financing Guarantee Scheme.

During the year under review, SSM had lent support to Government's efforts in cushioning the full impact of the global economic decline by introducing several measures to complement the stimulus packages introduced by the Government. They include:

- (i) easing the financial burden of the corporate and business sectors as well as promoting new investments by reducing fees for the incorporation of new companies, registration of new businesses and renewal of existing business registrations as well as an increase in authorized capital of existing companies;
- (ii) re-introducing the moratorium period for the striking-off of dormant or inactive companies at a nominal fee to enable companies to rationalize their operations and reduce operating costs; and
- (iii) reducing the fee for corporate directors training programmes towards enhancing efficiency and good corporate governance practices among corporate directors.

These, along with the various initiatives of the Government, have enabled the domestic economy to remain resilient and recover from the recession in the fourth quarter of 2009.

Although the overall Malaysian economy contracted by 1.7% in 2009, it is expected to grow by between 3% and 5% in 2010 due to continued improvement in the world's economic conditions and increasing domestic demand. The growth momentum for all sectors of the economy registered in the last quarter of 2009, underpinned by substantially improved business and consumer confidence, is expected to continue into 2010.

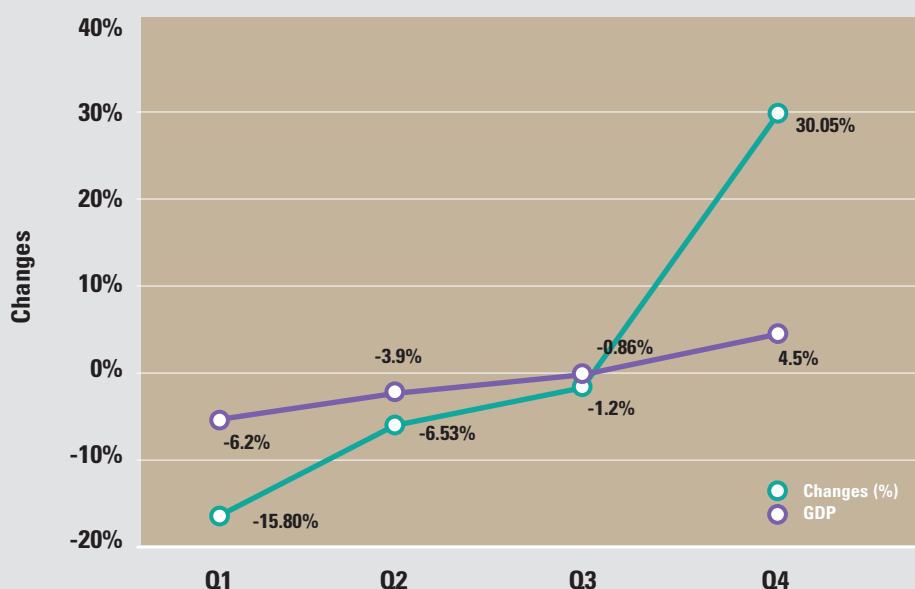
## INCORPORATION OF NEW COMPANIES IN 2009

Growth in the country's GDP has a direct impact on the level of corporate activities undertaken by companies as shown by the changes in the incorporation of new companies which is a direct response to the changes in GDP growth as depicted in the table below:

	2009	2008	Change (%)	GDP 2009
<b>Q1</b>	8,896	10,565	-15.80%	-6.2%
<b>Q2</b>	10,884	11,644	-6.53%	-3.9%
<b>Q3</b>	10,873	10,967	-0.86%	-1.2%
<b>Q4</b>	10,985	8,447	30.05%	4.5%

### Registration of New Companies

In the first quarter of 2009, registration of new companies dropped by as much as 15.8% compared with the same period in 2008 when GDP contracted by 6.2%. However, in the second quarter, new registration fell by 6.53% when the economy shrank by 3.9%. The decline was further reduced to 0.86% in the third quarter when the economy improved significantly with a much lower contraction of 1.2%. In the last quarter, the figure surged by 30.05% when the country emerged from recession with a positive growth of 4.5% in GDP.



Overall, total registration of new companies, both foreign and local, rose by 0.04% in 2009 compared with 2008. This is indeed a remarkable achievement given the adverse impact of the global economic slowdown on the domestic economy in the first half of the year when more than 50% of the countries in the world were in the grip of recession. The introduction of SSM's stimulus package had facilitated the stakeholders through the reduction of incorporation costs involved in setting up a company. Both new and existing shareholders had leveraged on the discounted fees given during the prescribed timeframe to set up new companies and restructure their existing group of companies to undertake new business opportunities pursuant to the Government's announcement of the RM67 billion stimulus packages.

The impact of GDP growth in 2009 on the various key sectors of the economy can be seen from the registration of new companies categorized according to sectors as depicted in the tables below:

- **Agriculture sector**

AGRICULTURE	REGISTRATION OF NEW COMPANIES			
	Q1	Q2	Q3	Q4
2009	315	338	314	364
2008	366	407	422	328
<b>Changes (%)</b>	<b>-13.9%</b>	<b>-17.0%</b>	<b>-25.6%</b>	<b>10.9%</b>

Registration of new companies in the agriculture sector declined sharply in the first nine months of 2009 compared with the same period last year due to the fall in demand for commodities resulting from the global economic downturn during the period. Total agriculture exports, led by palm oil, fell 30% in 2009. Commodity prices were significantly lower than last year, especially when compared with the prices in the first quarter of 2008 when the prices of palm oil, crude oil, natural gas and rubber reached record levels.



However, more companies were registered in the fourth quarter with a 10.9% increase as the global economy emerged from recession. The price of crude palm oil rose more than 50% in 2009 boosted by higher demand from China and India. The rise in crude oil prices had also resulted in higher demand for the commodity as more palm oil was needed for the production of bio-fuel. The price of rubber also rose by 30% as the cost of production for synthetic rubber increased significantly due to higher crude oil prices.

More companies are expected to be registered in the agriculture sector in 2010 as commodity prices are expected to rise further as the external economic environment is expected show further improvement in the coming year.

- **Manufacturing sector**

MANUFACTURING	REGISTRATION OF NEW COMPANIES			
	Q1	Q2	Q3	Q4
<b>2009</b>	440	597	664	603
<b>2008</b>	494	533	515	425
<b>Changes (%)</b>	<b>-10.9%</b>	<b>12.0%</b>	<b>28.9%</b>	<b>41.8%</b>

A contraction of 6.2% in the GDP in the first quarter of 2009 saw the number of companies registered in the manufacturing sector declining by 10.9% compared with the corresponding period of 2008. However, the number increased by 12% and 28.9% in the second and third quarters respectively in line with the announcement of the economic stimulus packages which gave emphasis to construction and infrastructure development. The figure increased sharply by 41.8% in the fourth quarter, consistent with the recovery trend.

The significant improvement is attributed to better performance in the electrical and electronics industry due to increased global demand and rapid expansion in the automotive industry in China and India resulting in higher demand for electronic equipment and parts as well as semiconductors. Additionally, the recovery in domestic orientated industries had also resulted in the registration of more companies involved in the production of construction related and resource-based industries as well as in the transport equipment subsector.

- **Construction sector**

CONSTRUCTION	REGISTRATION OF NEW COMPANIES			
	Q1	Q2	Q3	Q4
<b>2009</b>	691	813	847	834
<b>2008</b>	734	806	706	574
<b>Changes (%)</b>	<b>-5.9%</b>	<b>0.9%</b>	<b>20.0%</b>	<b>45.3%</b>

The number of new companies registered under the construction sector declined by 5.9% in the first quarter of 2009 compared with the corresponding period in 2008. A growth of 0.9% was recorded in the second quarter when the economy improved with a lower contraction of 3.9%. The figures improved significantly by 20% and 45.3% in the third and fourth quarters respectively in tandem with the marked improvement in GDP growth over the same period.

The significant improvement may largely be due to the announcement and implementation of various infrastructure projects under the Government's stimulus packages as well as the construction of offices and high-end condominiums especially in the Klang Valley to meet the increased demand for space from improved consumer and business confidence.

More companies involved in construction and related activities are expected to be registered next year as the growth in the construction sector is expected to accelerate in 2010 with the implementation of several projects by both the private and public sectors. These include the construction of new LRT lines, building of the RM2 billion Low Cost Carrier Terminal near the KL International Airport in Sepang, and the implementation of various projects in the regional economic corridor project of Iskandar Malaysia.

- **Services sector**

SERVICES	REGISTRATION OF NEW COMPANIES			
	Q1	Q2	Q3	Q4
<b>2009</b>	5,953	7,318	7,108	7,257
<b>2008</b>	7,267	8,033	7,521	5,567
<b>Changes (%)</b>	<b>-18.1%</b>	<b>-8.9%</b>	<b>-5.5%</b>	<b>30.4%</b>

Economic contraction in the first quarter had a severe effect on new company registrations in the services sector, which fell by 18.1% quarter-on-quarter. However, the number improved steadily in the second and third quarters as the economy improved with a substantially reduced contraction due to better performance in the finance and insurance, wholesale and retail as well as real estate and business services sub-sectors.

Registration numbers surged 30.4% when the economy grew by 4.5% in the fourth quarter. This remarkable turnaround was attributed to stronger domestic demand on account of better consumer and business sentiment and an increase in tourist arrivals which contributed significantly to an improved wholesale and retail trade sub-sector.

Apart from the expected further upturn in world economic conditions, registration of new companies in the services sector is expected to rise in 2010 due to the following reasons:

- (i) More companies are expected to be registered in the 27 services sub-sectors which are now fully open to both local and foreign investors.
- (ii) Hotel and accommodation sub-sectors are expected to grow in tandem with the growth in the tourism industry. Tourist arrivals to Malaysia in 2009 registered a 7.2% increase over last year despite the global economic downturn and outbreak of the H1N1 Influenza pandemic. Both domestic tourism and foreign tourist arrivals are expected to rise sharply in 2010 due to improving economic conditions, domestically and internationally. The areas that provide tremendous potential for expansion include eco-tourism, edu-tourism, health tourism and agro-tourism.
- (iii) The development of five regional economic corridors will lead to the growth of more vibrant townships nationwide, thus generating more business and job opportunities. This will result in many more new companies being registered to undertake the various business activities provided under the services sector.

- **Mining and Quarrying**

MINING AND QUARRYING	REGISTRATION OF NEW COMPANIES			
	Q1	Q2	Q3	Q4
<b>2009</b>	65	100	107	84
<b>2008</b>	93	80	117	85
<b>Changes (%)</b>	<b>-30.1%</b>	<b>25.0%</b>	<b>-8.5%</b>	<b>-1.2%</b>

The mining and quarrying sector was also badly hit by the global economic slowdown in the first quarter of 2009. New registration of companies involved in mining and other related activities declined sharply by 30.1% during that quarter when GDP growth contracted by 6.2%.

However, the number rose sharply by 25% in the second quarter due to significantly higher prices of crude oil and natural gas on account of higher demand. The number dropped marginally by 8.5% and 1.2% in the second and third quarter respectively after the sharp rise in the second quarter.

### REGISTRATION OF NEW BUSINESSES

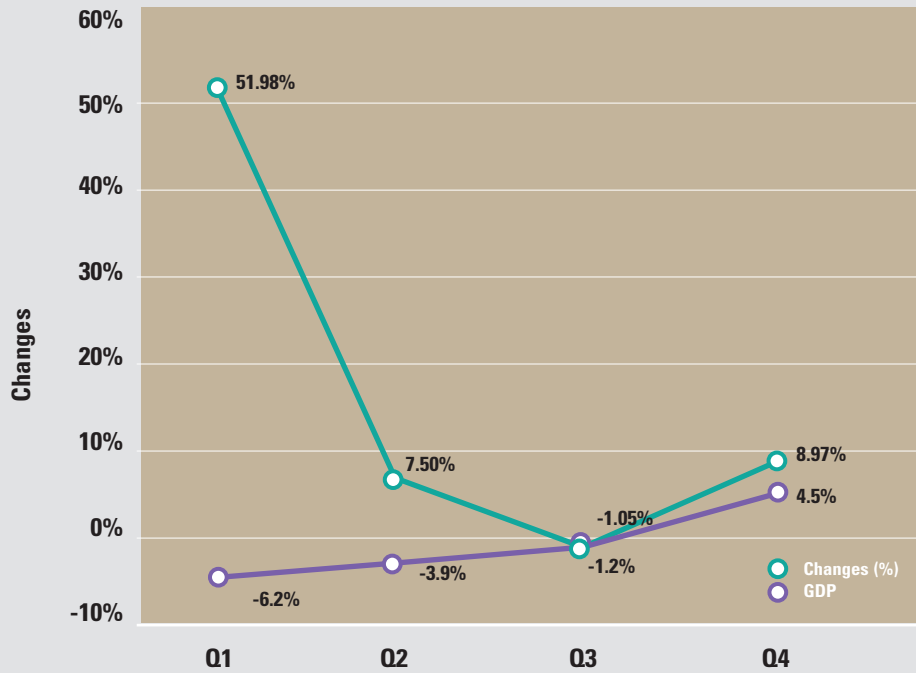
A total of 312,581 new businesses was registered in 2009 compared with 269,866 in 2008. This represents an increase of 15.8% despite the global economic downturn which resulted in a 1.7% contraction in Malaysia's economy in 2009.

SSM's data shows that economic performance, as indicated by growth in GDP, has little impact on new registration of businesses which involve mostly small traders conducting their businesses in the form of sole proprietorships or partnerships.

The following table shows quarterly data for GDP and new registration of businesses in 2009:

QUARTER	2009	2008	Changes (%)	GDP 2009 (%)
<b>Q1</b>	93,550	61,556	52.0	-6.2
<b>Q2</b>	81,325	75,648	7.5	-3.9
<b>Q3</b>	67,701	68,419	-1.0	-1.2
<b>Q4</b>	70,005	64,243	8.9	+4.5
<b>TOTAL</b>	<b>312,581</b>	<b>269,866</b>	<b>15.8</b>	<b>-1.7</b>





The registration of new businesses rose significantly by 52% despite a contraction of -6.2% in GDP in the first quarter. Likewise, the number of new business registrations for the remaining three quarters of 2009 bears little relationship to the quarterly GDP figures. The overall 15% increase in new registration in 2009 is mainly due to SSM's outreach programmes carried out nationwide and the incentives provided in *SSM's Stimulus Package*. Registration of new businesses is expected to continue to grow in the following year.



REGISTRATION COUNTERS, LEVEL 17

# CHAPTER 1

## REPORT ON PUBLIC SERVICE DELIVERY SYSTEM



# CHAPTER 1

## REPORT ON PUBLIC SERVICE DELIVERY SYSTEM

The sub-prime mortgage crisis in the United States of America whose effects began to be seen in early 2008 had in 2009 resulted in an economic and financial crisis of a global proportion. Managing the public service delivery system against such a backdrop is indeed a challenging task. In 2009, SSM initiated various proactive measures towards ensuring a responsive form of public service delivery system against the backdrop of global economic uncertainties.

### A RESPONSIVE PUBLIC SERVICE DELIVERY SYSTEM IN 2009

#### The general strategy

SSM had taken on a strategic role in supporting the implementation of the two stimulus packages of the Government by :

- Facilitating and supporting the objective of enhancing internal domestic liquidity through the introduction of regulatory and policy incentives.
- Upgrading the skills, knowledge and efficiency of stakeholders through training and re-training.
- Embedding the culture of good business practice, governance and corporate responsibility in the corporate and business community towards achieving sustainability.
- Enhancing domestic and foreign investors' confidence through '*Balanced Enforcement*' initiatives and re-aligning the requirements of law and business practice.

SSM had anticipated the global economic slowdown and the significantly lower gross domestic product (GDP) growth would result in a reduction in the incorporation of new companies. Affirmative action taken by SSM to address this situation would help achieve the objectives of the two economic stimulus packages to enhance domestic liquidity and mitigate the adverse impacts of mass unemployment.

To spur domestic business activities, SSM temporarily reduced relevant prescribed fees in relation to the starting of a business. Such a reduction took effect from 1 April 2009 to 31 March 2010.



## Temporary reduction of fees for the incorporation of companies and an increase in authorized capital of companies

To encourage the incorporation of new companies towards leveraging on new and existing business opportunities, SSM reduced incorporation fees and the fees payable for the purpose of increasing authorized capital for companies as follows :

AUTHORISED CAPITAL OF A COMPANY	PRE- DISCOUNTED FEES PAYABLE (RM)	POST- DISCOUNTED FEES PAYABLE (RM)
<b>For registration of a company :</b>		
(i) whose nominal share capital does not exceed RM100,000	1,000	900
(ii) whose nominal share capital exceeds RM100,000 but does not exceed RM500,000	3,000	2,550
(iii) whose nominal share capital exceeds RM500,000 but does not exceed RM1 million	5,000	4,250
(iv) whose nominal share capital exceeds RM1 million but does not exceed RM5 million	8,000	6,800
(v) whose nominal share capital exceeds RM5 million but does not exceed RM10 million	10,000	8,500
(vi) whose nominal share capital exceeds RM10 million but does not exceed RM25 million	20,000	17,000
(vii) whose nominal share capital exceeds RM25 million but does not exceed RM50 million	40,000	34,000
(viii) whose nominal share capital exceeds RM50 million but does not exceed RM100 million	50,000	42,500
(ix) whose nominal share capital exceeds RM100 million	70,000	59,500

The 10% fee reduction for companies whose authorized capital does not exceed RM100,000 eased cash flow of mostly small scale local investors, foreign and domestic, who opt to use the limited liability company as a vehicle for their businesses.

The 15% reduction for companies whose authorized capital is more than RM100,000 significantly reduced the cost of doing business in Malaysia and enhanced the nation's competitiveness in attracting foreign investors to the country. In a time where multinationals are re-strategizing and re-locating their centre of operations and production hub to a more sustainable location, Malaysia leveraged on the opportunity to attract potential multi-million Ringgit initial set-up entries by providing a discount. This measure, coupled with existing infrastructure and facilities as well as significantly improved mechanisms of initiating a business, is envisaged to attract re-locating multinationals, conglomerates and foreign companies to our shores.

## Temporary reduction of fees for registration and renewal of registration of businesses

The global and domestic economic slowdown also gave rise to retrenchment of workers and scarcity of employment opportunities. SSM had foreseen a rising trend of people being involved as petty traders or venturing into small scale businesses, the nature of which could be as follows :

- Those who are in employment may participate in small scale business activities to supplement their existing income.
- Where households comprise a single income earner, there is a potential for other household members to be involved in small scale business activities to cope with rising costs and standard of living.
- Employees who are retrenched may resort to self-employment through small scale businesses to earn a living.
- New graduates and those who are looking for employment may instead resort to carrying out small scale businesses to earn a living.

To facilitate public participation in business activities, SSM reduced the registration and renewal of business registration fees by 10% as follows :

<b>REGISTRATION OF NEW BUSINESSES/ RENEWAL OF REGISTRATION OF EXISTING BUSINESSES FOR A PERIOD OF BETWEEN 3 TO 5 YEARS</b>	<b>PRE-DISCOUNTED FEES PAYABLE (RM)</b>	<b>POST-DISCOUNTED FEES PAYABLE (RM)</b>
<b>(i) Sole proprietorship registered under own name</b>		
(a) 3 years	90	81
(b) 4 years	120	108
(c) 5 years	150	135
<b>(ii) Sole proprietorship registered under a trade name</b>		
(a) 3 years	180	162
(b) 4 years	240	216
(c) 5 years	300	270
<b>(iii) Partnership</b>		
(a) 3 years	180	162
(b) 4 years	240	216
(c) 5 years	300	270

---

SSM's temporary fee reduction initiative saw the following positive results in 2009 :

- Stabilized the number of incorporations of new local companies in 2009. The total number of local companies incorporated in 2009 contracted marginally from 41,599 in 2008 to 41,578 in 2009, representing a decrease of 0.05%.
- A 394% increase in registration of new businesses for a period of three years and above.
- A 21% increase in renewals of business registration for a period of three years and above.
- An increase in the total of new businesses registered from 269,866 in 2008 to 312,581 in 2009 representing an increase of 15.8%.

### **Waiver of subscription fee for business and company e-Lodgement**

The SSM e-Lodgement service, which was officially introduced in January 2008 comprises the Business e-Lodgement and Company e-Lodgement. Prior to utilising such facilities, the stakeholders are required to pay an annual subscription fee of RM5 for Business e-Lodgement and RM120 for Companies e-Lodgement. Under the responsive public service delivery initiative, SSM also temporarily waived the requirement for payment of such fees between 1 April 2009 and 31 March 2010.

### **Temporary reduction in fees for standard courses organized by the SSM Training Academy**

During the 2009 economic downturn, the intensity of business and commercial activities dwindled. Companies had taken this opportunity to reflect on their status, formulate new strategies, restructure their business and embark on various knowledge enhancement programs for their staff. Although companies may cut back on their training budgets, a reasonably and competitive course fee structure can attract companies to send their employees for the purpose of training and retraining to enhance their competency and efficiency level towards addressing existing and future challenges.

Towards supporting the Government's initiatives in providing training and re-training to the public, the SSM Training Academy (COMTRAC) reduced its standard course fee of between RM250 and RM300 down to RM200 from 1 April 2009 to 31 March 2010.

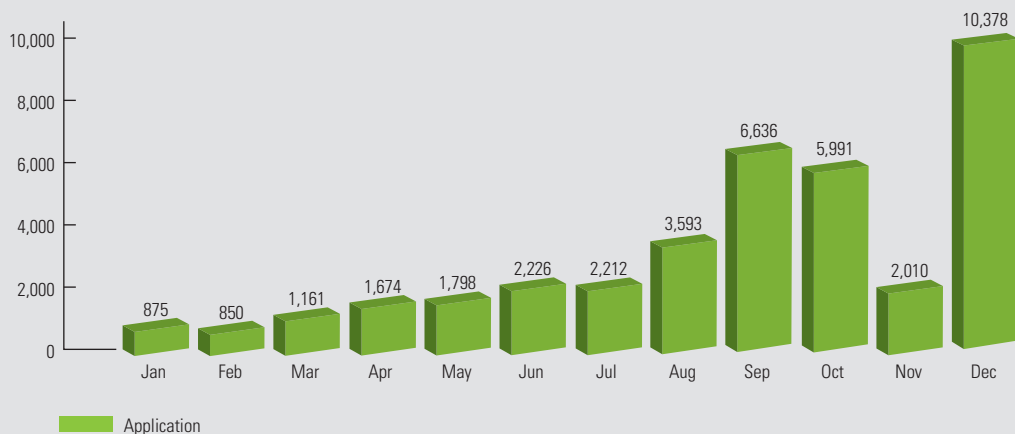
### **Striking-off of dormant companies**

In 2009, SSM re-introduced the moratorium period which took effect between 1 April 2009 and 31 December 2009. As there are compliance costs associated with maintaining a dormant company, the opportunity to strike a company off the register will eliminate inherent liabilities associated and arising therefrom.

By prescribing the moratorium period for the purpose of striking-off, SSM reduced or waived all outstanding compounds so that the directors of the companies would not be burdened with the unpaid compound. Moreover the move was expected to enable them to concentrate fully on the business of their other companies in the face of the current business slowdown. The move was also envisaged to provide an opportunity to the directors and shareholders involved to rationalize or restructure their operations to increase efficiency, and promote new investments.



As expected, this initiative provided opportunities for directors and shareholders to restructure their operations and increase efficiency by getting rid of inactive companies so that they could focus on viable undertakings or venture into new investments and businesses. From a total of 28,026 applications received in 2009, 8,849 companies were struck-off under section 308. The remaining 11,838 companies are still in the process of being struck-off.



## Enquiries and complaints management

SSM receives and handles feedback from its stakeholders in the form of enquiries, suggestions and complaints regarding products quality, service delivery, procedures, payment matters, specific corporations or individuals including SSM personnel. Feedback is received from the various channels provided by SSM namely inquiry/information counters, suggestion box, fax, letter, hotline and e-mail as well as SSM's website (e-Inquiry, e-Complaint).

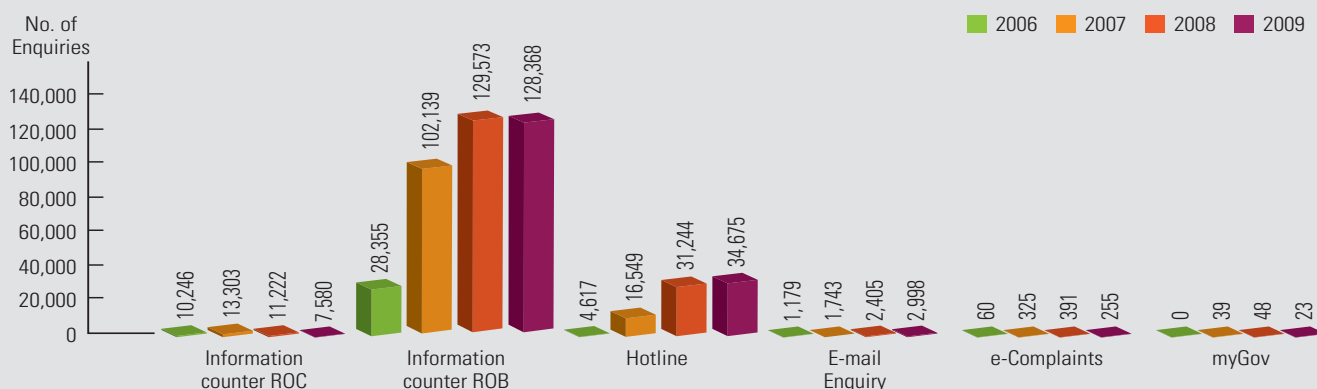
Last year, SSM implemented proactive customer-focused strategies to handle enquiries and complaints from the public so that they are managed and addressed according to industry standards. In this regard, the following policies were introduced in 2009 :

- Enquiries/complaints conveyed orally are to be resolved immediately.
- Written complaints received must be acknowledged within three working days if it cannot be resolved immediately.
- Written enquiries/complaints (by letter, e-mail) have to be replied within three working days.
- Enquiries/complaints involving issues pertaining to operations are to be resolved within fourteen days.
- Enquiries/complaints which are complex in nature and require further inspection/investigation will be resolved when the inspection/ investigation is completed.

SSM possesses a diverse and large customer base, numbering approximately 7.5 million which comprises local and foreign businessmen, company directors, shareholders, business owners, partners, professionals such as company secretaries, accountants, lawyers, officers from Government departments and agencies as well as the private sector and non-Governmental organizations in general.

SSM's headquarters in Kuala Lumpur alone handles, on average, more than 1,000 customers daily either by face-to-face engagement at SSM's Information Counters or through telephone calls (general lines, hotlines) and e-mails. The majority of customers dealing in matters pertaining to businesses (i.e. sole proprietorships and partnerships) still prefer to visit and make enquiries conventionally through interaction at SSM's counters. On the other hand, for matters pertaining to companies, SSM's statistics indicate that stakeholders prefer to interact with SSM through email or telephone. The chart below indicates the pattern of stakeholders' mode of interaction with SSM.

**Total Enquiries Received by Customer Service Unit for Years 2006, 2007, 2008 and 2009**



In 2006, total enquiries via hotlines were a mere 4,617 but this increased to 34,675 in 2009, representing an increase of 651%. Likewise, enquiries via e-mail also increased significantly by 154% to 2,998 in 2009 from 1,179 in 2006. Most of the inquiries received in 2009 pertained to SSM's new internet-based products or online services such as e-Info, e-Lodgement and the SMS Mobile Info. These services resulted in more interactive communication as customers sought more information and clarifications pertaining to the new e-services introduced by SSM.

The sharp rise in enquiries via hotlines and e-mail is a clear indication that the activities undertaken by SSM all these years have indeed created a significant impact on the business community and SSM has definitely made its presence felt among its stakeholders. Our records indicate that all the enquiries had been appropriately dealt with in accordance with the timeline and manner as stipulated in the service standard.

## The SSM e-Lodgement service

The SSM e-Lodgement service comprises the Business e-Lodgement service and the Company e-Lodgement service. In efforts to continuously enhance e-Government initiatives, SSM collaborated with Malaysian Administrative Modernization and Management Planning Unit (MAMPU) to conduct a joint workshop with the system providers. The joint workshop had led to a consensus by all parties to conduct enhancement activities on the existing e-Lodgement services by migrating the Public Service Portal II (PSP II) to a newly developed Public Service Portal III (PSP III). This new PSP III was rolled out successfully on 7 May 2009.

The enhancement features focused on more user-friendly features for the purpose of lodgement of documents. These features comprise system validation and format of application form to be filled up by the user. The validation is by way of a *'pop up'* message designed for the purpose of informing users on certain rules and parameters which they need to be aware of and nature of action to be taken. The improvements to the format of the prescribed forms have enabled the appearance of a dynamic *'table row'* which enables the simplification and reduction of the pages involved for a particular form.

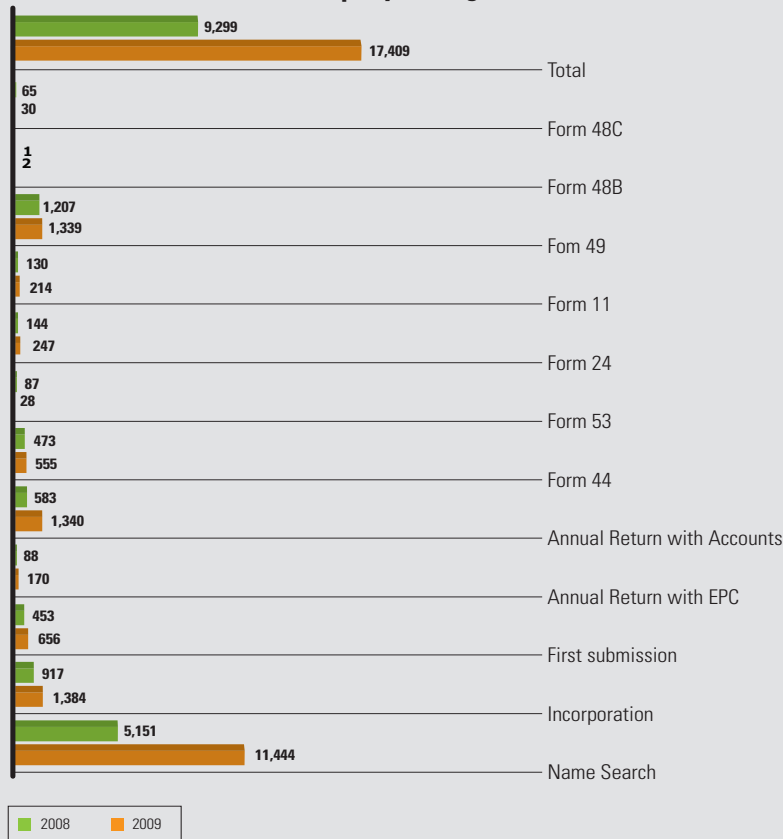
To encourage the utilization of e-Lodgement services, SSM conducted massive nationwide promotional and awareness programmes on the use of e-Lodgement to the stakeholders through seminars, briefings and training. The target groups include company secretaries, members of professional bodies, chambers of commerce, business associations and government agencies.

e-Lodgement kiosks were set up at SSM's offices, exhibition sites, Business Registration Mobile Counters (BRMC) and Circuit Counters to train stakeholders on its use. Other forms of promotional initiatives included media interviews and reports, publication of brochures and leaflets, and posting on SSM's website the manuals, guidelines, reference brochure and FAQs in relation to the online services. In addition, SSM also conducted free e-Lodgement briefings and practical training sessions twice a month at SSM's headquarters in Kuala Lumpur. Interested individuals were required to register with SSM's Training Academy (COMTRAC) to attend the training session on a first-come-first-serve basis in accordance with the scheduled training dates as announced in SSM's website. Due to the overwhelming response, the free e-Lodgement briefing and practical training programmes will be continued in 2010. The e-Lodgement training programmes were also carried out in collaboration with major companies, professional bodies and NGOs such as the Institute of Approved Company Secretaries (IACS) and Petronas.

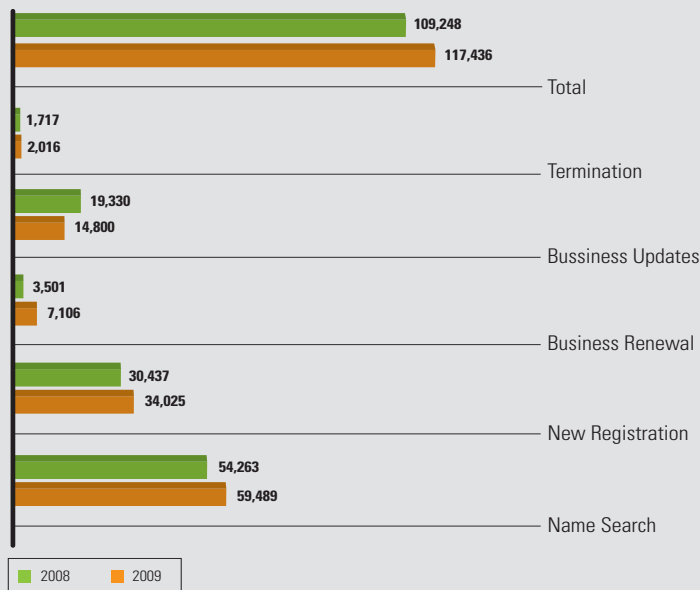


A total of 950 participants were involved in the free e-Lodgement training programmes conducted by SSM in 2009. SSM's rigorous awareness programmes to promote the use of the e-Lodgement proved to be a success as reflected by the following statistics :

### Company e-Lodgement Transactions



### Business e-Lodgement Transactions



The statistics indicate an increase of 87.2% in the total number of transactions for e-Lodgement of companies and 7.5% increase for the e-Lodgement of businesses in 2009 compared to 2008.

## The SSM e-Info service

The SSM e-Info service has shown commendable performance since its introduction in July 2006. In 2009, SSM took a bold step of phasing out counter procurement of corporate and business information and had shifted the process of making such procurements totally online. The introduction of mandatory procurement of corporate and business information via the e-Info service was done in stages nationwide. The mandatory e-Info service was first introduced in Kuala Lumpur, Selangor and Negeri Sembilan on 6 October 2008 and was later expanded and implemented nationwide in April 2009. Detailed information pertaining to the closure of SSM's corporate and business information procurement counters is as given below :

DATE	COVERAGE	DETAILS
2 January 2009	Kuala Lumpur, Selangor and Negeri Sembilan	Cost of information procured: Standardized fees: <ul style="list-style-type: none"> <li>• RM13 for purchase via e-Card/ prepaid account and MEPS cash</li> <li>• RM15 for purchase via credit card</li> </ul>
1 March 2010	The remaining states in Peninsular Malaysia	
1 April 2009	Sabah and Sarawak	
1 April 2009	Nationwide closure of counters for procurement of corporate and business information	

This initiative has transformed the counter-based provision of corporate and business information into an online-based delivery channel. It has enabled access to corporate and business information by the public beyond the confinement of physical counters. This move has enabled the public to purchase corporate and business information conveniently from anywhere where Internet connectivity is available. In addition, the online procurement of such information can be done at any time throughout the year and is accessible beyond the Malaysian borders.

Although SSM has fully migrated to online procurement of information, towards facilitating and educating its stakeholders on the usage of the e-Info service, e-Info kiosks have been installed at all its offices nationwide. Fundamentally, transactions carried out at SSM's e-Kiosks are still e-Info transactions where the kiosks serve as platforms to carry out such transactions. In addition, 'Cyber Guides' were trained and stationed at each kiosk to assist members of the public to carry out transactions via the e-Info service. This move is meant to familiarize users with the service so that future transactions can be done online from their respective homes or office premises.

The statistics below indicate that there is a progressive increase in the take up rate of SSM's e-Info service nationwide :

	2007		2008		2009	
	Transactions	Revenue (RM)	Transactions	Revenue (RM)	Transactions	Revenue (RM)
<b>TOTAL</b>	<b>85,847</b>	<b>1,217,220</b>	<b>222,234</b>	<b>3,038,959</b>	<b>1,024,705</b>	<b>10,678,116</b>

The detailed monthly transactions of SSM's e-Info service are as given in the table below :

<b>MONTHS</b>	<b>ONLINE (A)</b>	<b>TAKE UP RATE</b>	<b>KIOSK (B)</b>	<b>TAKE UP RATE</b>	<b>TOTAL (A+B)</b>
January	42,563	59.52%	28,951	40.48%	71,514
February	55,703	63.01%	32,699	36.99%	88,402
March	67,134	68.36%	31,070	31.64%	98,204
April	66,519	67.78%	31,620	32.22%	98,139
May	63,320	70.83%	26,079	29.17%	89,399
June	65,679	69.95%	28,216	30.05%	93,895
July	74,962	71.30%	30,174	28.70%	105,136
August	68,753	73.47%	24,825	26.53%	93,578
September	65,594	74.58%	22,361	25.42%	87,955
October	73,909	74.33%	25,530	25.67%	99,439
November	68,911	72.52%	26,112	27.48%	95,023
December	68,939	70.63%	28,660	29.36%	97,599
<b>TOTAL</b>	<b>713,233</b>	<b>69.69%</b>	<b>311,472</b>	<b>30.31%</b>	<b>1,024,705</b>

As of December 2009, a comparison between the take-up rate between external online transactions and the SSM e-Info kiosks was found to be 69.69% and 30.31% respectively. The increase was largely contributed by the mandatory e-Info initiative introduced and public awareness in relation to the benefits of carrying out online transactions as opposed to transactions done at the kiosks installed. At an average 70% take-up rate for external online transactions, SSM projects achieving a 90% take-up rate in this area by the end of 2011.

SSM has also identified an increase in international visitors applying for information and profiles of companies and businesses via SSM's e-Info services in 2009 compared to 2008 as reflected in the statistics given below :

<b>PROCUREMENTS / COUNTRY</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Singapore	1,906	16,916	21,590
Hong Kong	239	3,119	3,602
United Kingdom	198	4,438	4,752
United States	346	-	3,775
Australia	107	1,608	2,250
India	421	3,952	2,256
Japan	107	1,981	1,950
China	58	552	1,176
Philippines	170	1,813	1,620
Germany	-	392	-
Others	32	399	732
<b>TOTAL</b>	<b>3,584</b>	<b>38,563</b>	<b>43,703</b>

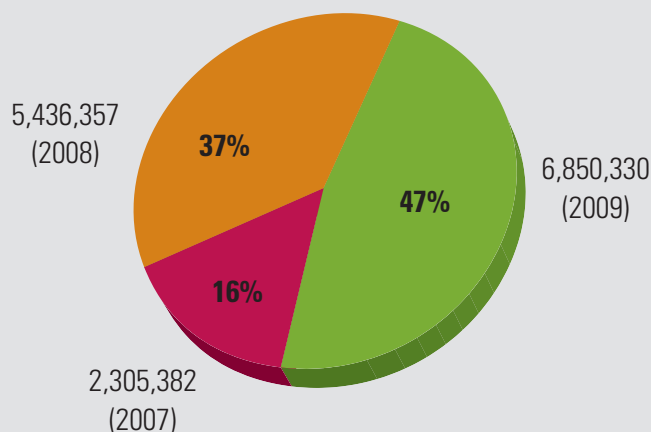
## Business Registration Mobile Counter

The Business Registration Mobile Counter (BRMC) remains one of SSM's key initiatives in reaching out to the business community. BRMC offers an alternative channel to SSM's business registration services and serves as an effective platform for dissemination of information and inculcation of awareness among the business community with regard to the requirements of the Registration of Businesses Act 1956 (ROBA 1956). ROBA 1956 provides the regulatory framework for the registration of sole proprietorships and partnerships and is applicable to Peninsular Malaysia and the Federal Territory of Labuan.

In 2009, apart from intensifying the BRMC activity nationwide at strategic locations such as market places, supermarkets, shopping mall, SSM continued to provide BRMC services at local municipal offices which facilitated the business community in obtaining onsite approval for business registration and renewal as well as obtaining their business licenses and municipal permits. Revenue collection from the BRMC services continued to soar compared with the previous years as a result of the increased activity undertaken during the year as depicted in the tables below.

In year 2009 alone, a total of RM6,850,330 was collected via the BRMC services compared to RM 5,436,357 in 2008 and RM 2,305,382 in 2007. The increase in revenue collected in 2009 compared to 2008 was 26%.

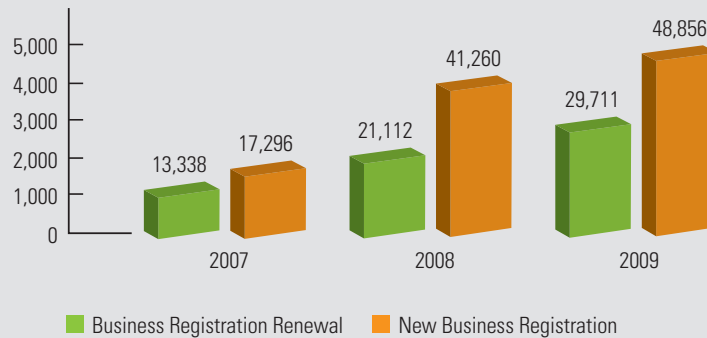
**BRMC Total Revenue (RM) Nationwide**





Last year also saw an increase in terms of the frequency of BRMCs held as well as location coverage. A total of 2,044 BRMCs were held in 1,535 locations compared to 1,601 BRMCs held in 1,364 locations in 2008. As a result, the BRMC initiative last year recorded a total of 48,856 new business registrations and 29,711 renewal of business registrations compared to 41,260 new businesses registered and 21,112 renewals in 2008 representing an increase of 18% and 41% respectively. A comparison of statistics on BRMC's registration and renewal performance since 2007 is shown below :

### BRMC Total New Business Registration and Renewal



Detailed information pertaining to BRMC activities by the various states throughout 2009 is as given below :

STATE	BRMC FREQUENCY	NO. OF NEW REGISTRATIONS	NO. OF RENEWALS	REVENUE (RM)
Kuala Lumpur	544	5,372	7,725	1,156,465
Johor	143	3,298	8,826	1,233,652
Kedah	407	5,252	8,239	1,211,362
Pahang	124	2,852	5,364	797,844
Penang	126	4,428	4,807	640,875
Perak	111	2,069	4,353	524,868
Selangor	128	1,957	1,772	320,014
Melaka	117	1,443	1,645	279,187
N.Sembilan	108	1,033	2,255	272,326
Terengganu	88	859	2,105	230,228
Kelantan	78	1,052	1,538	167,436
Perlis	48	87	130	16,583
Labuan	22	9	97	7,021
<b>TOTAL</b>	<b>2,044</b>	<b>29,711</b>	<b>48,856</b>	<b>6,850,330</b>

Though the statistics show that Kuala Lumpur held the most number of BRMC sessions, in terms of revenue collection, it was overtaken by the states of Johor and Kedah. This is attributable to the choice of locations as well as the dissemination of information in relation to the holding of BRMCs prior to their mobilization. These statistics clearly indicate that careful selection of locations and sufficient publicity holds the key towards ensuring the success of each BRMC session.

## SSM Circuit Counters

In 2009, in continued collaboration with four local municipal councils namely the Dewan Bandaraya Kuala Lumpur (DBKL), Majlis Perbandaran Sepang (MP Sepang), Majlis Perbandaran Ampang Jaya (MPAJ) and Majlis Perbandaran Kajang (MPKJ) SSM established circuit counters in their premises. This has substantially facilitated both the registration and renewal of business registrations as well as the procurement of trading licences as both can be done simultaneously under one roof. Traders who came to the municipal councils for the application of business licences and permits were required to register or renew their business registrations first prior to the issuance of such trading licences. The collaboration deal with DBKL, MP Sepang, MPAJ and MPKJ was a strategic undertaking as both SSM and the local municipal councils have benefitted mutually from such a venture.

YEARS	2007	2008	2009
Frequency	10	35	279
New Registration	66	1,198	1,390
Renewal	27	5,895	3,841
Changes	12	300	266
Termination	0	0	1

## SSM Service Counter

Pursuant to a study made by SSM in relation to the concentration of activities by small and petty traders, on 3 August 2009, SSM opened its first Business Registrations Service Counter (BRSC) at the Selayang Municipal Council. The BRSC provides registration, updating of information and termination of business registrations. Unlike the BRMC, the BRSC's set-up is permanent, and essentially serves an identified strategic area with a large concentration of micro, small and petty trading activities.

The Selayang BRSC has facilitated the business and trading community in areas such as Selayang Baru, Taman Melati, Gombak, Batu Caves, Kepong and the extended business community of the districts of Rawang, Kuang, Kundang, Sungai Tua, Sungai Choh, Sungai Buluh, Karak, Genting Sempah and Damansara. The response from the public to the new BRSC has been very encouraging as depicted in the following table :

MONTH	NEW REGISTRATIONS	RENEWAL	REGISTRATION OF CHANGES	CUSTOMERS	REVENUE (RM)
August	158	237	91	637	41,631
September	162	400	78	508	52,379
October	211	426	143	777	63,456
November	194	625	158	998	79,290
December	208	728	189	1,124	93,414
<b>TOTAL</b>	<b>933</b>	<b>2,416</b>	<b>659</b>	<b>4,044</b>	<b>330,170</b>

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## **Issuance of e-Certificates for registration of businesses and changes in business information**

The issuance of certificates for new business registrations and changes are now completely via the electronic platform. The signature of the Registrar is no longer required. This initiative does not only remove the discrepancies between certificates issued over the counter and via e-Lodgement but has also helped to expedite the issuance of such certificates.

## **Facilitating name search processes**

To assist the public in their application for name search for purposes of incorporation of new businesses, SSM introduced a facility to enable preliminary name search to be conducted online via SSM's website beginning 2009 prior to submitting their application to SSM's counters or via the e-Lodgement service. The initiative has resulted in significant savings for the public as fewer names are being rejected on account of similarity and is therefore a major step towards improving SSM's overall public service delivery. The introduction of this facility has contributed to a sharp rise in applications for name search via e-Lodgement, that is, from 5,151 in 2008 to 12,152 in 2009, representing an increase of 136%.

## **Server system upgrade for High Availability infrastructure**

As part of SSM's ICT Strategic Plan (ISP), in 2009, ICT infrastructure was upgraded in anticipation of future growth in applications towards enhancing its public delivery system. The project focused on upgrading the servers for Company and Business System (CBS) and Integrated Document Management and Supply Information System (IDAMAN), the two core systems currently being used by SSM.

The project comprised procurement of new servers and storage devices to upgrade the servers to cater for high availability infrastructure towards ensuring minimum disruption to the system in the event of a server failure. The new servers procured serve as backup sets and in the event of failure of main servers, the backup servers would automatically kick in and continue to serve the users. The project was successfully completed and rolled out in October 2009. As a result, users have experienced a significant reduction in system interruptions and enhanced system stability.

## **Staff training and education**

SSM realizes that an efficient and effective public service delivery system is only possible if the organization possesses a team of competent, skilled and knowledgeable staff. In this regard, SSM places much emphasis and importance on constantly improving the skills and competency of its staff as this is the key to ensuring the provision of efficient services that live up to the expectations of the public.

In 2009, a total of 108 programmes were conducted by COMTRAC via the Knowledge Enhancement for Employees Programme (KEEP). The KEEP programme last year was attended by 2,150 SSM staff. The topics conducted were wide-ranging, including courses on the Companies Act 1965, Registration of Businesses Act 1956, ICT, financial accounting, English language proficiency, business writing skills, drafting of laws, internal processes & procedures and matters on SSM's financial policies, human resources and administration.

Apart from COMTRAC's KEEP programmes, a total of 251 SSM staff participated in 115 public programmes on subjects such as *Understand Financial Information*, *Fraud Prevention Workshop*, *Training for Trainers* and *Forensic Accounting*. COMTRAC also conducted the SSM Enforcement Conference with SSM's Enforcement Office in Kuala Lumpur from 19th to 21st October 2009 which saw participation from 115 enforcement staff. This conference had the following objectives :

- To identify current challenges towards achieving the targeted compliance rate amongst companies.
- To provide alternative methods in facing future obstacles.
- To ensure good understanding of the '*Balanced Enforcement*' philosophy.
- To inculcate teamwork amongst the enforcement officers.

### **The training gap analysis survey for SSM staff development programme**

Apart from conducting training programmes for the staff, COMTRAC formulated and conducted the Training Gap Analysis (TGA) survey in 2009 to identify gaps in employee's technical competency and their training needs.

TGA is a tool to identify accurate training needs required by an individual employee on a yearly basis. It serves not only as a tool for assessment purposes but also provides supervisors with information on courses or training sessions that staff have attended throughout the year as well as documentary records on each staff's competency development.

The TGA will assist COMTRAC and Corporate Resource Division (CRD) to determine and draw up a comprehensive training plan required by an individual staff. Most importantly, the TGA findings will allow COMTRAC and CRD to monitor and keep track of the technical competency gaps and performance of every employee.

The 2009 TGA survey was successfully conducted and its findings were tabled at the Advisory Panel meeting while the Executive Management of SSM and the Commission Members were notified of its findings. The findings were also cascaded to all staff to create awareness on competency levels, gaps identified and that competency levels are now being recorded and monitored by their respective supervisors.



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## Training effectiveness evaluations

COMTRAC consistently conducts assessment tests to measure the effectiveness of the training sessions conducted and the knowledge acquired by employees before and after attending a training programme. The evaluation tool used is the "*Learning Evaluation Assessment*", which calls for the administration of pre-tests and post-tests to all participants. The findings of the evaluations reflect an encouraging trend :

(i) **Knowledge Enhancement for Employees Programme (KEEP) (comprising 22 modules)**

The assessment of the findings revealed that staff attendance in the KEEP programme resulted in a significant increase in overall knowledge from 54% to 76% for the modules pertaining to Law, Process & Procedures, Administrative and Management Policies.

(ii) **English Writing Programme**

The Pre-Assessment Tests of the English Writing programme, revealed a total overall score of 66% on how to write effectively in English while the post-test score subsequent to attending the 2-day Basic, Intermediate & Advanced English Programme saw employees scoring 80% in proficiency and ability to write in English.

(iii) **Microsoft Office 2007 Training Programme**

To better equip SSM employees with the latest ICT tools, COMTRAC organized the Microsoft Office 2007 Training Programme. From a pre-test score of 33%, acquisition in related knowledge by employees after attending the 2-day programme on Basic, Intermediate & Advanced Microsoft Office 2007 Training Programme shot up to 56% in the related knowledge.







CHAPTER 2  
REPORT ON  
BALANCED  
ENFORCEMENT



# CHAPTER 2

## REPORT ON BALANCED ENFORCEMENT

The pursuit of '*Balanced Enforcement*' by SSM entails balancing between :

- (i) conventional enforcement activities (i.e. surveillance, investigation and prosecution) and stakeholders' education.
- (ii) initiating criminal sanction and administrative action.

The *Balanced Enforcement* approach, first conceived in 2006, was continued with even more rigor in 2009. SSM's approach extends beyond punishing the guilty. Most importantly, SSM seeks to create a sustainable corporate environment by creating awareness through stakeholder education.

### COMPLAINTS MANAGEMENT

In 2009, a total of 1,049 complaints were received constituting 762 on companies and 287 on businesses. All complaints received were thoroughly studied and analyzed by SSM's complaints committee to ensure that they were speedily and systematically resolved.

The number of complaints resolved in matters pertaining to companies increased by 49% last year compared to 2008. For complaints lodged on matters pertaining to businesses (i.e. sole proprietorships and partnerships), the resolved rate increased by 95%. The following table shows the total number of complaints received and resolved from 2007 to 2009.

YEAR	COMPLAINTS RECEIVED			COMPLAINTS RESOLVED		
	2007	2008	2009	2007	2008	2009
Company	452	616	762	390	470	702
Business	111	169	287	103	138	269
<b>TOTAL</b>	<b>563</b>	<b>785</b>	<b>1,049</b>	<b>493</b>	<b>608</b>	<b>971</b>



Given the increased level of awareness of the requirements of the law, stakeholders have become more proactive in approaching SSM and informing the agency on the various potential breaches which may have taken place. The majority of the complaints lodged pertained to fraud and serious offences. The details of the types of complaints are given in the table below :

TYPES OF COMPLAINTS	TOTAL	
	COMPANIES	BUSINESSES
<b>Fraud and serious offences</b>		
• Lodgment of false / misleading particulars	186	132
• Unregistered or expired business/ unincorporated company	10	23
• Illegal deposit taking/ offer to purchase shares to public	7	3
• Unregistered / illegal investment schemes	58	7
<b>Non-compliance</b>		
Basic non-compliance-S143,S165 and S169 of the Companies Act 1965 (CA 1965) and section 11A of the Registration of Businesses Act 1956 (ROBA 1956)	49	1
• Other instances of non-compliance	106	29
<b>Improper conduct by Director</b>		
• Non disclosure / Non notification	6	N/A
• Breach of fiduciary duty by directors	43	N/A
• Unfit directors (bankrupt, past conviction)	22	N/A
<b>Improper conduct by Company Secretaries</b>	42	1
<b>Complaints against SSM</b>		
• Complaints on services	2	3
• Similarity of name	8	9
• Error in the register	7	0
<b>General enquiries</b>	30	12
<b>Beyond jurisdiction/concurrent jurisdiction issues which include employment issues, offences under the Penal Code etc.</b>	68	55
<b>No further action (NFA) involving various issues where action cannot be taken by SSM</b>	95	12
<b>Others</b>	23	0
<b>TOTAL</b>	<b>762</b>	<b>287</b>

The following table shows the various types of actions taken in relation to the complaints received in 2009 :

<b>ACTION TAKEN</b>	<b>COMPANY</b>	<b>BUSINESS</b>
Referred to Investigation Division	157	86
Referred to Compliance Division	296	107
Referred to Legal Services Division	7	4
Referred to Marketing & Business Development Division	2	0
Referred to Registration Services Division	32	8
Beyond Jurisdiction – Referred to relevant authorities	22	15
NFA (No further action required)	186	49
<b>TOTAL</b>	<b>702</b>	<b>269</b>

Year 2009 also saw SSM fostering closer collaboration and co-ordination with the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) and the Public Complaints Bureau (PCB), Suruhanjaya Koperasi Malaysia, Perbadanan Harta Intelek Malaysia (MyIPO), Perbadanan Nasional Berhad, Maktab Kerjasama Malaysia and Bank Kerjasama Rakyat Malaysia Berhad in managing complaints of common concern. The SSM Complaints Section also provided valuable support to PCB by having its representatives participating in three (3) public forum meetings organized by PCB to help enlighten stakeholders on illegal investment schemes.

## INVESTIGATION OF OFFENCES

In 2009, a total of 531 cases were investigated involving a wide range of offences under the Companies Act 1965 (CA 1965) and Registration of Businesses Act 1956 (ROBA 1956). The breakdown of cases investigated is tabulated below :

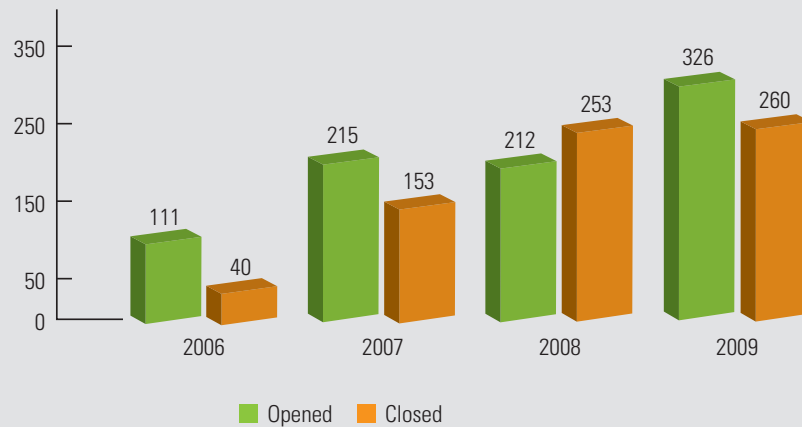
<b>NO.</b>	<b>SECTION</b>	<b>OFFENCES (CA 1965)</b>
1.	Section 9	Acting as a company auditor despite being a company officer or not an approved company auditor
2.	Section 15	Breach of restrictions and prohibitions of private companies
3.	Section 27(8)	Default in complying with requirements of a private company
4.	Section 84	Issuance of statement for subscription of interest scheme
5.	Section 91	Issue or offer to public for subscription or purchase of interest without an approved deed
6.	Section 125	Undischarged bankrupt acting as director
7.	Section 131	Failure to disclose directors' interest
8.	Section 132	Breach of fiduciary duty by directors
9.	Section 133	Loan to directors
10.	Section 363	Offer of shares and interest to public without a prospectus
11.	Section 364(2)	Making or authorizing the making of false and misleading statements
12.	Section 366	Fraudulently inducing persons to invest money
13.	Section 367	Improper use of the words "Berhad" or "Limited"

NO.	SECTION	OFFENCES (ROBA 1956)
1.	Section 12(1)(d)	Submission of false and misleading information

Of the total 531 cases investigated, 29.7% related to the breach of section 125(1) of CA 1965 involving undischarged bankrupts acting as directors of companies; 29% related to the breach of section 364(2) of CA 1965 involving the submission of false or misleading statements to SSM; 17.3% pertained to the breach of fiduciary duties by directors under section 132 of CA 1965; and 15.4% of the cases related to the breach of section 12(1)(d) of ROBA 1956 involving the submission of false or misleading information to SSM.

### Investigation papers opened and concluded

In 2009, of the total of 326 new investigation papers (IPs) opened, 260 investigation papers were concluded.

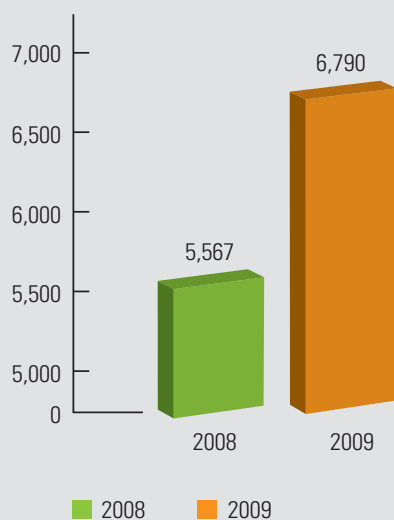


Of the 326 new cases investigated last year, 40 cases related to serious breach of corporate governance offences. These included possible breach of fiduciary duty by company directors and officers while 66 cases were in relation to the submission of false or misleading statements. In addition, 116 cases were investigated for various types of other offences, of which 112 cases were in respect of undischarged bankrupts acting as directors.

Pursuant to the consent obtained from the Attorney General's Chambers, SSM had for the first time in 2009 initiated investigations into 3 cases involving money laundering offences under section 366 of the CA 1965. Section 366 of CA 1965 has been classified as a predicate offence under the Anti-Money Laundering & Anti-Terrorism Financing Act 2001 (AMLATFA).

## PROSECUTION OF OFFENCES

Pursuant to the significant increase in investigation activities carried out in 2009, the number of cases prosecuted for offences committed under CA 1965 and ROBA 1956 increased by 21.97%, that is, from 5,567 cases prosecuted in 2008 to 6,790 cases prosecuted in 2009. In addition, a higher number of high profile criminal prosecutions were instituted against errant directors for breach of serious corporate governance offences under section 364(2) and 132(1) of CA 1965.



In 2007, the provisions relating to the duty and liability of a company director were amended resulting in a new section 132 of CA 1965 being introduced. The new section 132 places greater emphasis on the integrity and responsibilities of a company director ranging from the duty to exercise reasonable care, skill and diligence to the business judgment rule. In 2009, criminal actions were instituted against the directors of seven (7) companies for breaches of the said provisions.



The breakdown of cases registered or charged for the various breaches of CA 1965 and ROBA 1956 is tabulated in the table below :

<b>NO.</b>	<b>OFFENCES UNDER CA 1965</b>	<b>CASES REGISTERED/ CHARGED IN 2009</b>
1.	<b>Section 7(11)(a) &amp; (b) of CA 1965</b> Failure to give notice of information in writing to Registrar & failure to supply any information or in supplying any information, makes a statement which is known to be false	72
2.	<b>Section 7D(5) of CA 1965</b> Failure to appear before the Registrar to be examined orally as required under section 7D(1)	2
3.	<b>S.9(1)(c)(i) of CA 1965</b> An officer of the company is prohibited from knowingly consenting to be appointed and/or knowingly serving as the company auditor	76
4.	<b>Section 121(1)(b) of CA 1965</b> Failure to print company name & number on official documents	3
5.	<b>Section 125(1) of CA 1965</b> Undischarged bankrupt who serves as company director	18
6.	<b>Section 132(1) of CA 1965</b> Failure to exercise power as director of a company in the best interest of the company	8
7.	<b>Section 133A of CA 1965</b> Breach of prohibition of loans to persons connected with directors	1
8.	<b>Section 139(1B) of CA 1965</b> Office of company secretary left vacant for more than one month at a time	2
9.	<b>Section 139A of CA 1965</b> Person continues to serve as company secretary without a valid license	1
10.	<b>Section 139C(3) of CA 1965</b> Undischarged bankrupt who serves as company secretary	1
11.	<b>Section 143(1) of CA 1965</b> Failure to hold Annual General Meeting	1,039
12.	<b>Section 156(1)(a) of CA 1965</b> Failure to record minutes of all proceedings of general meetings or meetings of its directors/managers	2
13.	<b>Section 165(4) of CA 1965</b> Failure to lodge Annual Returns	2,679
14.	<b>Section 165A(1) of CA 1965</b> Failure to attach Auditor's statement	46
15.	<b>Section 169(1) of CA 1965</b> Failure to table accounts at the Annual General Meeting within the prescribed period	2,199
16.	<b>Section 364(2) of CA 1965</b> Person who makes or authorizes the making of a statement false or misleading in any material particular knowing it to be false or misleading	17
17.	<b>Section 364A(1)(a) of CA 1965</b> Officer who with intent to deceive furnishes a false report to directors of the company	1
18.	<b>Section 366(1)(a) of CA 1965</b> Fraudulently induces persons to invest money	1
19.	<b>Section 366(3) of CA 1965</b> Obtains payment of money to company by false promise and with intent to defraud.	2
20.	<b>Section 367(1) of CA 1965</b> Penalty for improper use of words 'Limited' and 'Berhad'	1
21.	<b>Section 370(1) of CA 1965</b> Default penalty proceedings	76
<b>TOTAL NUMBER OF CASES REGISTERED/CHARGED</b>		<b>6,247</b>

NO.	OFFENCES UNDER ROBA 1956	CASES REGISTERED/ CHARGED IN 2009
1.	<b>Section 12(1)(a) of ROBA 1956</b> Carrying on business without registration	33
2.	<b>Section 12(1)(b) of ROBA 1956</b> Carrying on business after expiry of business registration	412
3.	<b>Section 12(1)(d) of ROBA 1956</b> Failure to comply with requirements of the Registrar under Section 10	19
4.	<b>Section 12(2) of ROBA 1956</b> Failure to display certificate of registration	38
5.	<b>Rule 17A(1)(b) of Registration of Businesses Rules 1956 (ROBR 1956)</b> Failure to submit change of registered business particulars	11
6.	<b>Rule 17A (2) ROBR 1956</b> Failure to display signboard	30
<b>TOTAL NUMBER OF CASES REGISTERED/CHARGED</b>		<b>543</b>

### Prosecution highlights in 2009

#### Public Prosecutor (PP) v Ho Woon Choon

(Case no: 42-55-08)

Ho Woon Choon was charged pursuant to Section 364(2) of CA 1965 for making a false statement through Form 24 to the Registrar in relation to the allotment of new shares in Dataco Communications Sdn. Bhd. The Sessions Court held that although the prosecution had established a *prima facie* case, it had failed to prove the case beyond reasonable doubt and the accused was acquitted and discharged at the end of the defence case. However, on appeal by PP on 10 November 2009, the High Court of Kuala Lumpur reversed the decision of the Sessions Court and Ho Woon Choon was convicted. He was sentenced to a fine of RM 30,000 and in default 3 months imprisonment.

#### PP v CTOS Companies & Others

(Case no: 63A-83-07, 63A-84-07, 63A-85-07, 63A-87-07, 63A-88-07, 63A-90-07, 63A-91-07, 29-07-09)

On 29 July 2009, SSM had successfully obtained convictions against Chung Tze Wen, a director of CTOS and Leonie Lee Shuet Fong, a former company secretary. Both Chung Tze Wen and Leonie Lee Shuet Fong were fined a total of RM12,600 for a total of 26 charges under Sections 143(1), 165(4) and 169(1) of CA 1965, while Leonie Lee Shuet Fong was fined a total of RM 3,300 for 12 similar charges. On 20 August 2009, Chung Tze Keong, also a director of the CTOS companies, was convicted and fined a total of RM 9,300 for 14 similar charges.

#### PP v Waterdrops Groups of Companies

(Case no: 63-30-09, 63-31-09, 63-32-09, 63-33-09, 63-34-09, 63-35-09, 63-36-09, 63-37-09, 63-39-09, 63-40-09, 63-43-09)

On 26 March 2009, SSM had obtained convictions against 4 directors of 3 Waterdrops group of companies for a total of 40 non-compliance offences under Sections 143(1), 165(4) and 169(1) of CA 1965. All 4 directors pleaded guilty to the 40 charges. The Court fined all 4 directors a total amount of RM42,000.

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## **PP v Nor Azami bin Ahmad Ghazali Group of Companies**

(Case no: 63A-(45-54)-06, 63A-(66-67)-06, 63A-(121-124)-07, 63A-(141-147)-07, 63A-(151-171)-07, 63A-(13-42)-08)

SSM had on 13 October 2009 obtained convictions against Nor Azami bin Ahmad Ghazali, the leader of the Federal Special Forces of Malaysia ('PKPM') and his family members pursuant to 143 charges for offences committed under sections 143(1), 165(4) and 169(1) of CA 1965. They were fined a total of RM105,600 for the offences committed.

## **INSPECTIONS AND SURVEILLANCE**

### **Database and physical inspections**

In 2009, a total of 626,832 companies and 514,889 businesses were inspected. This represented an increase of 105% for companies and 81% for business compared with 2008. Of the total inspections conducted, 1,059,698 or 93% were data-based inspections which involved the screening of corporate and business information stored in SSM's database. Pursuant to the inspections carried out on companies' data last year, SSM had taken the following enforcement actions :

- 319,060 reminder notices were sent to companies and company directors one month before the due date to hold their respective annual general meetings (AGM) and to table audited accounts during such meetings pursuant to the requirements under section 169 of CA 1965.
- 57,211 reminder notices were issued to companies and company directors for failing to lodge their return with SSM for the periods between 2005 and 2008.
- 220,033 reminder notices were sent to businesses which had failed to renew their registration after the expiry date. This initiative has resulted in a 28% rise in renewal of businesses registration compared to 2008.

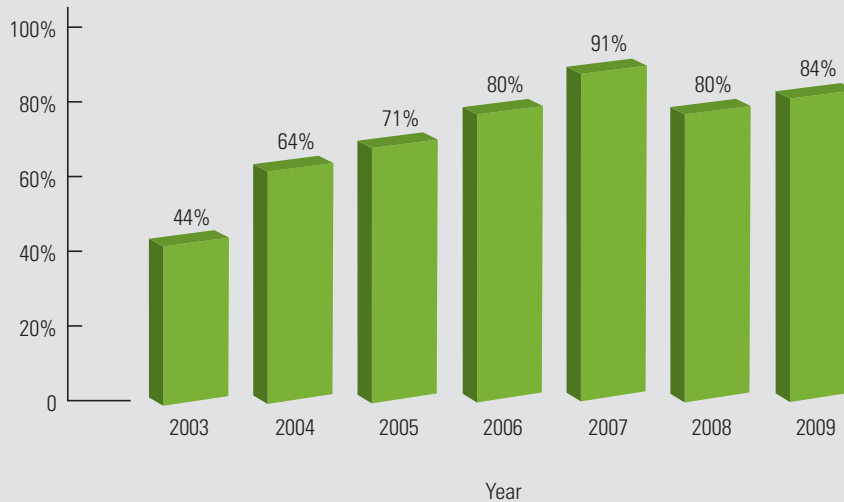
These database inspections also revealed that many companies have long ceased operations or have remained inactive as no statutory documents have been filed for many years. Reminder notices were sent to these companies advising them to apply for striking-off under section 308 (1) of CA 1965 or to initiate winding-up under section 254 of CA 1965.

The database inspection also revealed that many companies had failed to inform SSM of the discharge of the company charges. Notices under section 7(11)(a) of CA 1965 were sent to directors of 161 companies to seek confirmation on the status of charges to determine whether the companies have complied with the requirement of section 113 of CA 1965

In 2009, a total of 24 reminders were sent in relation to the provision of section 125 of CA 1965 to company directors who continued to act as directors even after being declared bankrupt. 21 company directors were referred to the Prosecution Section for further enforcement action.

The compliance rate (assessed against the submission of annual returns and audited accounts by active companies) has increased from 80% in 2008 to 84% in 2009. Such an increase represents quality submission of annual return since 2008 pursuant to the introduction of Practice Note 1/2008 which requires all companies to lodge their annual returns together with audited accounts. The comparative statistics pertaining to the compliance rate since 2003 is as follows :

#### Compliance Rate 2003 - 2009



Besides the focus given to database inspection, physical inspections were also continued and included the following activities :

- Inspection of companies' statutory books to ensure that proper records are being kept and updated as well as other aspects of CA 1965 are complied with.
- Inspection of accounting documents and records to ensure reliability of the financial statements lodged and consistency of the records kept by the company and SSM.
- Inspection of business premises to ensure that businesses have been registered and comply with the provision of the ROBA 1956.



Pursuant to the focus on database inspection, the physical inspection carried out on companies in 2009 decreased by 5.4% from 40,903 in 2008 to 38,663 in 2009. There was also a reduction in inspections carried out on business premises by 51.8%, from 89,931 in 2008 to 43,360 in 2009. The number of compounds issued for offences detected from the overall physical and database inspection activities carried out in 2009 are as given in the table below :

<b>NO.</b>	<b>OFFENCES (CA 1965)</b>	<b>NO. OF CASES</b>
1.	<b>Section 143(1)</b> Failure to hold AGM	35,150
2.	<b>Section 165(4)</b> Failure to lodge Annual Return to Registrar	36,839
3.	<b>Section 169(1)</b> Failure to table profit and loss account in Annual General Meeting within the stipulated time	47,353
4.	<b>Section 7(11)(b)</b> Failure to supply any information or in supplying any information, makes a statement which is known to be false	71
5.	<b>Section 121(1)(b)</b> Failure to print company name & number on all official company's documents	28
6.	<b>Section 121(3)</b> Failure to display company name	32

<b>NO.</b>	<b>OFFENCES UNDER ROBA 1956</b>	<b>NO. OF CASES</b>
1.	<b>Section 12(1)(a)</b> Carrying on business without registration	1,715
2.	<b>Section 12(1)(b)</b> Carrying on business after expiry of business registration	88,149
3.	<b>Section 12(2)</b> Failure to display certificate of registration	102
4.	<b>Rule 17A(1)(b)</b> Failure to submit change of registered business address	442
5.	<b>Rule 17A(2)</b> Failure to display signboard	237
6.	<b>Rule 17A(1)(c)</b> Failure to file a notice of termination	110

### **Monitoring of media and web-based business activities**

SSM had in 2009 closely monitored the reports by the media on possible offences committed under the CA 1965 or ROBA 1956 by companies or businesses. In this regard, inspections were carried out against 187 companies and 108 businesses which had publicized or advertised their activities in the local media. Surveillance was also carried out on web-based business activities to ensure compliance with business registration requirements. Consequently, enforcement action was taken against businesses activities carried out on 34 websites involving 65 companies and 30 businesses which carried on web-based business activities.

## Surveillance on interest schemes

In 2009, SSM had stepped up its surveillance on the activities of interest schemes nationwide which comprised registered and unregistered interest schemes.

As at 31st December 2009, a total of 162 interest schemes were registered with SSM. The types of scheme are as per table below :

NO.	CATEGORIES	NO OF SCHEMES
1.	Golf & Recreation	71
2.	Golf & Recreation by Shares	19
3.	Share Farming Scheme	1
4.	Marina	9
5.	Recreation	32
6.	Recreation by Shares	3
7.	Time Sharing	24
8.	Memorial Park	3
<b>TOTAL</b>		<b>162</b>

Throughout the year, 23 registered interest schemes were inspected as follows :

NO.	TYPE OF SCHEME	NO OF SCHEME INSPECTED
1.	Golf & Recreation	7
2.	Recreation	8
3.	Marina	5
4.	Time Sharing	3

Five (5) companies were found to have breached the registration requirements under CA 1965 and were compounded whilst, the remaining 18 schemes complied with the requirements. The detail of the breaches are as follows :

NO.	OFFENCES UNDER CA 1965	NO. OF CASES
1.	<b>S.94(1)(b)</b> Failure to comply with a covenant contained in a trust deed	4 cases
2.	<b>S.90(1)</b> Offer/invitation to public for membership subscription without valid prospectus	1 case

For the year 2009, SSM had identified and monitored 120 unregistered interest scheme activities operated by companies and businesses under the guise of various business models. The underlying products of these schemes varied from agricultural produce (primary agriculture, horticulture and aquaculture), to asset management, businesses management and property investments. The schemes include breeding, tending and selling of animals (Frisian cows, Boer goats, leeches, earthworms and swiftlets), share farming (plantation, harvesting and selling of vanilla, lemongrass, seaweed and palm oil), management and maintenance of vending machine businesses (pre-paid card top-up vending machine and ice-cream vending machine), land banking, rent-back schemes (purchase and rental of resorts units) and membership of restaurants, hotels and fitness clubs. The detailed statistics of the surveillance on unregistered interest schemes are as follows :

<b>NO.</b>	<b>TYPES OF SCHEME</b>	<b>NO. OF CASES</b>
1.	Livestock	28
2.	Business Management	7
3.	Share farming	21
4.	Land Banking	2
5.	Rent-back Scheme	5
6.	Membership	9
7.	Fitness Club	5
8.	Multilevel Marketing	11
9.	Retirement Scheme	4
10.	Others	28
<b>TOTAL</b>		<b>120</b>

Further, via continuous monitoring and surveillance activities carried out for the year 2009, 20 companies and businesses were noted to offer suspicious schemes to the public for subscription or purchase of and interest without an approved deed. They have been referred for further investigation.

A total of 43 cases were forwarded to the Registration Services Department to attend its briefing session to all interest scheme operators on SSM's policy guidelines and requirements of Division 5 Part IV of Companies Act 1965 before commencement of business. Non-compliance of Division 5 part IV of the Companies Act is an offence under section 94(1) and carries a penalty of imprisonment for five years or RM100,000 fine or both; offering interest without a valid prospectus is also an offence under section 363(5) CA which entails a penalty of 10 years imprisonment or to a RM 250,000 fine.

## Surveillance on auditors

In 2009, SSM continued with its oversight function on auditors by inspecting a total of 272 auditors who were serving as officers for 19,058 companies. Nineteen auditors were found to have committed the following offences :

NO.	OFFENCES UNDER CA 1965	NO. OF AUDITORS INVOLVED
1.	<b>Section 9(1)(c)</b> Auditor accepting appointment although serving as an officer of a company.	1 auditor
2.	<b>Section 9(2)</b> Auditors who were deemed to be officers of the company as they had been serving as officers within the preceding 12 months before accepting appointment.	18 auditors

Pursuant to the inspection, SSM compounded the above 19 auditors for the said offences. Some of the auditors have appealed against the compound by citing reasons as follows :

- (a) Oversight of Companies Act's requirement;
- (b) Unaware of the provision; or
- (c) Technical errors

However SSM is of the opinion that the reasons cited are invalid as auditors should be competent and maintain a high standard of professionalism at all times.

## Surveillance conducted on companies limited by guarantees (CLBGs)

Surveillance activities on CLBGs in 2009 were intensified nationwide to ensure that the directors of these non-profit oriented companies duly discharge their duties in full compliance to CA 1965. Emphasis was placed on compliance with the terms and conditions of the licence issued by the Minister under section 24 of the CA 1965 for CLBGs which do not carry the word 'Berhad' (Limited) in their names. A total of 214 CLBGs were inspected and the following breaches were detected:

NO.	OFFENCES UNDER CA 1965	NO. OF OFFENCES
1.	<b>Section 9(6)</b> Appointment of a firm as auditor without the firm's prior consent in writing	6 cases
2.	<b>Section 19(2)</b> Companies limited by guarantee acquire land without prior approval from the Minister	3 cases
3.	<b>Section 24(4)</b> Amendments to company's memorandum / articles without prior approval from the Minister	2 cases



4.	<b>Section 121(1)(b)</b> Failure to print company's name & number on all official company documents	5 cases
5.	<b>Section 129(6)</b> Failure to obtain member's approval on re-appointment of directors over the age of 70 in the Annual General Meeting	2 cases
6.	<b>Section 141(1)</b> Failure to keep register of directors, managers and secretaries	1 case
7.	<b>Section 143(1)</b> Failure to hold Annual General Meeting of the company	27 cases
8.	<b>Section 157(1)</b> Failure to kept minutes book at the registered office	1 case
9.	<b>Section 158(1)</b> Failure to maintain register of its members	1 case
10.	<b>Section 165(5)</b> Failure to lodge Annual Return	29 cases
11.	<b>Section 169(1)</b> Failure to table statement of profit and loss in Annual General Meeting within the stipulated time	61 cases

### Company secretaries

As at 31 December 2009, there were a total of 9,505 licensed company secretaries and 46,254 members of prescribed bodies in Malaysia. In 2009, SSM received a total of 239 applications for company secretary licences, representing a 10% decrease compared to 266 in 2008. A total of 26 interview sessions for company secretary licences were held by SSM. Of the total of 150 candidates shortlisted for interviews, 39 were successful, 78 failed and the remaining 33 candidates failed to turn up for the interview session.

The reduction in application for company secretary licences for 2009 was anticipated given the effect of the economic downturn and the enforcement of strict compliance to the provisions of CA 1965, which called for only fit and qualified persons to be appointed as approved company secretary.

In relation to renewal of company secretary licences, there was a 57% drop from 2,040 in 2008 to 868 in 2009. The drop was due to a 28.5% decrease in the number of expired licences in 2009 compared to 2,040 in 2008 including company secretaries who had failed to renew licences, quit the profession or became a member of prescribed bodies.

A total of 204 breaches were detected to have been committed by company secretaries in 2009. The detailed statistics and description of the breaches are as follows :

SECTION	DESCRIPTION OF OFFENCES	NO. OF CASES	
		2008	2009
	<b>YEAR</b>		
139(1)(B)	Company secretary post left vacant for more than 30 days	2,151	892
139B(5)	Failure to renew license not later than thirty days before the expiry of the license	92	90
139C(2)	Failed to act honestly or failed to use reasonable diligence in the discharge of duties as a secretary	20	45
139C(3)	Continued to serve as a company secretary after disqualification/ expiry of license	85	69
139C(3)	Directors allow company secretary to continue serving after disqualification /expiry of license	64	589
	<b>TOTAL</b>	<b>2,412</b>	<b>1,685</b>

From the table above, it can be seen that there was a general decrease in number of offences committed by company secretaries. This is largely due to continuous comprehensive monitoring activities to ensure only fit and qualified persons serve as company secretaries.

## ADMINISTRATIVE ACTIONS

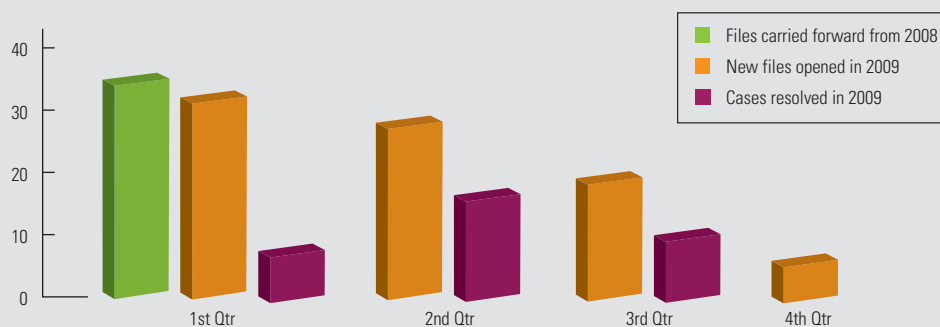
Pursuant to the 'Balanced Enforcement' approach, SSM also initiated various categories of administrative actions against company secretaries namely :

- (i) Issuance of show cause letters
- (ii) Issuance of query letters
- (iii) Issuance of letters of reprimand
- (iv) Blacklisting
- (v) Revocation of licence

In 2009, a total of 15 company secretaries were issued letters of reprimand for failing to act honestly and to use reasonable diligence in discharging their duties as a company secretary; 45 were issued with show cause letters; 10 were referred to their respective prescribed bodies for further action following complaints received from the public; 15 were blacklisted; and 5 company secretary licences were revoked by SSM for disqualification under section 139C (1) of CA 1965.

## LITIGATION SECTION

In 2009 litigation section opened 89 new civil litigation files pertaining to cases related to CA 1965 and ROBA 1956. 35 files were closed after judgments were recorded in the courts, leaving 54 files which are pending trial and disposal at the High Court, Court of Appeal and Federal Court. The following table shows number of cases handled and disposed of in 2009:



### New trend of corporate hijacking

Section 25 of the Companies Commission of Malaysia Act 2001 protects SSM and its officers from any suits or legal proceedings for anything which is done in good faith in exercise of its duties. However, such legal immunity does not entirely bar any parties to file suits against SSM. In 2009, there were several civil suits due to the 'corporate hijacking' activities whereby unscrupulous parties had submitted false documents to SSM to illegally take over companies. Three (3) cases involving corporate hijacking are as follows:

- (i) **Ng Chin Siu & Sons Rubber Estates Sdn Bhd v. Mat Hasan Ismail, Hafezah bin Hassan & SSM**  
[Kuala Lumpur High Court Civil Suit No.D7-24-500-2008]

The Plaintiff is a long established family company. On 19.3.2008, the Plaintiff's management structure was changed pursuant to the lodgement of two (2) Forms 49 with SSM appointing 1st and 2nd Defendant as directors of the company. The appointments were made fraudulently and the existing board of directors did not have any knowledge of such appointments. The Plaintiff has obtained an injunction to prohibit the two (2) 'newly appointed directors' to represent themselves as directors of the company or act on behalf of the company. This case is pending in KL High Court.

- (ii) **Ulu Selangor Estate Sdn Bhd & 18 others v. Mohamed Ya'akob bin Mat Nasir & 8 others**  
[Kuala Lumpur High Court Civil Suit No.S3-21-278-2008]

In this case, SSM has been named as the 7th Defendant. The Plaintiff is also a long established family company. The Plaintiff's management and shareholding structure, including its company secretary were changed with effect from 2.8.2007. The fraudsters proceeded to dispose two (2) pieces of property belonging to the company to a 3rd party. The properties are significant in size, one measuring 98 hectares and another 226 hectares. The sale and purchase agreements of the said properties had been completed, and both properties are now registered under the name of the new proprietor. The properties have also been charged to a financial institution. The Plaintiff's have obtained an injunction against all Defendants to maintain the status quo of the management and shareholding structure of the company, and to prohibit any further dealings with any properties of the company, including the two (2) properties which had been disposed of by the fraudsters. This case is pending in KL High Court.

The issue of corporate hijacking involving disposal of land is currently being reviewed by a national Task Force involving various Government agencies, including PDRM and the Jabatan Ketua Pengarah dan Galian Persekutuan.

### **An overview of civil cases involving SSM in 2009:**

- (i) Kota Kinabalu High Court Originating Summons No. K24-200-2002: Lim Ah Cham & 2 ors v. SSM, Saluran Hasil Sdn Bhd & 2 ors

The Plaintiffs made an appeal pursuant to section 11(10) of the Companies Act 1965 (CA 1965) against the Registrar of Companies' decision not to expunge certain statutory documents filed by the 2nd-4th Defendants with SSM on the ground that they have no capacity nor authorized to act on behalf of the company. The Plaintiffs also applied to rectify the Register of Members and share certificates of the company.

In delivering its decision on 3.4.2009, the High Court accepted SSM's submission that the Registrar of Companies has no power under the CA 1965 to unilaterally expunge statutory documents which had already been lodged and properly registered, unless there is a court order ordering so.

Based on the evidence, the Court was satisfied that there were grounds to conclude that the 2nd-4th Defendants did not have any authority to act on behalf of the company at the material time. The Court ordered that documents relating to the company (Saluran Hasil Sdn Bhd) filed by the 2nd-4th Defendants dated on or after 26.12.2001 to be expunged from SSM records.

### **This case is now pending appeal filed in the Court of Appeal.**

- (ii) Kuala Lumpur HC Civil Suit No. S4-21-269-2008  
SSM v. Andy Kok Seng Onn & Open Borders Sdn Bhd

SSM filed a civil action against the company and its director for misleadingly using the words 'CCM' and 'Registrar of Companies' and displaying SSM's logo without any prior permission in their company's website. An application for a permanent injunction was also filed to restrain the defendants from continuing making such representation in the company's website. The Court made a decision in favour of SSM with costs awarded to SSM.

- (iii) Federal Court Civil Appeal No. D1(f)-15-2008(w): N.V Multicorporation Berhad & 10 others v. SSM (the Nirvana case)

On 13.4.2009, the Federal Court heard the appeal filed by N.V Multicorporation against the Court of Appeal's decision which ruled that its business activities are subject to compliance of Part IV Division 5 of the Companies Act. The Nirvana case started in 2004 when the company filed civil proceedings against SSM for a declaration that its business activities of offering burial plots and urn compartments in a structured memorial park development should not be regulated under the CA 1965. This case is now pending decision from the Federal Court, as a landmark case in respect of interest schemes in Malaysia.



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## STAKEHOLDER EDUCATION AND AWARENESS

### The Companies Commission of Malaysia Training Academy Advisory Panel

The Companies Commission of Malaysia Training Academy (COMTRAC) continues to play a key role in educating its stakeholders towards achieving the objective of a knowledge-based economy and ensuring the effectiveness of SSM's enforcement initiatives. In this regard, SSM, pursuant to subsection 19(1) of the Companies Commission of Malaysia Act 2001, established an Advisory Panel for COMTRAC consisting of 7 members including SSM's Chief Executive Officer in an ex-officio capacity. The terms of reference of the Advisory Panel are as follows :

- To advise COMTRAC on its strategic direction and curriculum development.
- To provide independent views on COMTRAC's strategy or development programmes.
- To share their experiences with COMTRAC, to suggest, or if possible, assist COMTRAC in establishing external or international collaborations.

### Members of COMTRAC's Advisory Panel are :

#### 1. Mr. Wong Wing Seong

(Chairman)

Head of Advisory of BDO Binder Malaysia; he specializes in Corporate Finance and Restructuring.

#### 2. Datuk Idris bin Abdullah

Senior partner of Idris & Co. Advocates; he is an advisor to several companies in Sarawak engaged in building and construction and motor trading, as well as recreational clubs, and educational institution sectors.

#### 3. Prof. Dr. Aishah Bidin

A Professor of Corporate and Insolvency Law at the Faculty of Law, Universiti Kebangsaan Malaysia (UKM). Currently heads a research team researching Corporate Social Responsibilities (CSR) of SME companies in Malaysia.

#### 4. Mr. Tee Geok Hock

A solicitor, founder and Managing Partner of law in GH Tee & Co, a fellow of the Chartered Institute of Arbitrators (U.K.) and the Panel of the Kuala Lumpur Regional Centre for Arbitration and a member of Malaysian Institute of Architects (Pertubuhan Arkitek Malaysia).

#### 5. Datuk Dr. Abdul Samad Hj. Alias

(served until 18 September 2009)

Board member of Lembaga Tabung Haji, Perbadanan Kemajuan Iktisad Negeri Kelantan, Malaysian Communications and Multimedia Commission, Felda Holdings Bhd. and the Chairman of Malaysian Venture Capital Management Bhd. Malaysia Debt Ventures Bhd., and Bank Pembangunan Malaysia Berhad.

#### 6. Datuk Dr. Zainal Aznam Mohd Yusof

(served until 18 September 2009)

A Member of the Economic Council and a Distinguished Fellow of the Institute of Strategic and International Studies, (ISIS) Malaysia

### 7. Datuk Ali Abdul Kadir

(Effective 1 January 2009)

An Independent Non-Executive Chairman of Microlink Solutions Berhad. Datuk Ali was the Senior Advisor of Ernst & Young Malaysia till 31st December 2005. Prior to this appointment, he was the Chairman of the Securities Commission. Datuk Ali is a Fellow of the Institute of Chartered Accountants (England and Wales) (ICAEW), and a member of the MICPA. He is currently the Honorary Advisor to ICAEW Malaysia, Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK), Honorary member of the Malaysian Institute of Directors and an Adjunct Professor in University of Malaya.

### 8. Dato' Azmi bin Ariffin

Ex-Officio (Effective 16 April 2009)

Current CEO of the Companies Commission of Malaysia. Has served in various capacities and has held numerous legal positions in the Government. His last post before assuming the position of Chief Executive Officer of SSM was as Head of the Commercial Crime Unit at the Attorney General's Chambers, Putrajaya.

### 9. Chen Voon Hann

(Effective 1 November 2009)

A Managing Partner of CAS & Associates and CEO of CAS International. He is a member of various professional bodies including MIA, ACCA, MIT and IIA. His academic achievements include an MBA from the University of Strathclyde, UK. He is currently sitting in the MIA Council as well as the ASEAN Federation of Accountants.

### 10. Dato' Hj. Abu Kassim Bin Mohamed

(Effective 1 November 2009)

Served as the Deputy Director General (1) of MACC from 1 June 2007 to 31 December 2008. Promoted to Deputy Chief Commissioner since 1 January 2009. Dato' Abu Kassim is also one of the only two Asian representatives of Interpol group of Experts on Corruption (IGEC). He was responsible for the preparation of "Code of Ethics for Law Enforcement" and "Best Practices Guide" for members of Interpol and also "Global Standard to Combat Corruption in the Police Service".

### 11. Datuk Abdul Karim Abdul Jalil

(Ex-Officio, served until 15 April 2009)

CEO of the Companies Commission of Malaysia, board member of the Labuan Offshore Financial Services Authority (Labuan FSA), and member of the Foreign Investment Committee (FIC) and the Financial Reporting Foundation. Currently he is the Director of the Insolvency Department in the Prime Minister's Department Malaysia.

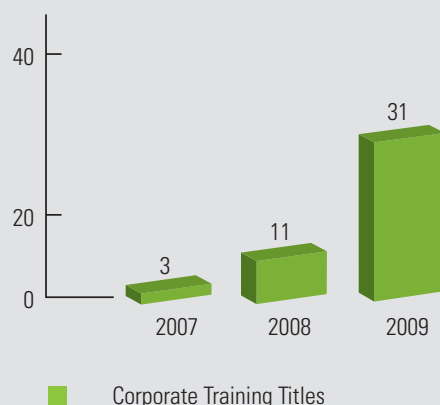
The Advisory Panel Members met four (4) times in 2009 to discuss the various activities undertaken by COMTRAC.

## Stakeholder training and education

Subsequent to its establishment in April 2007, COMTRAC has seen tremendous growth over the past three years. Based on the chart below, it can be seen that COMTRAC's involvement in training resulted in the introduction of several training series, leading to 31 titles by December 2009 compared to 3 titles in year 2007. During the same duration, COMTRAC conducted 373 programmes which were attended by 16,279 participants.

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## Number of Public Corporate Training Titles Conducted by COMTRAC from April 2007 - December 2009



In 2009, a total of 133 (2008: 109) corporate training programmes were successfully conducted nationwide and attended by 3,749 (2008: 4,049) participants. Details of the public programmes offered are as set out below :

### (i) Corporate Directors Training Programme (CDTP)

(a) 1-Day CDTP

Module 1 - The Roles and Responsibilities of Company Director

Module 2 - The Law and Practices for Company Meetings

Module 3 - Understanding and Application of Good Corporate Governance

Module 4 - The Common Offences Committed by Company Directors Under The Companies Act 1965

(b) 2-Days CDTP

Module 1 - The Roles and Responsibilities of Company Director

Module 2 - The Law and Practices for Company Meetings

Module 3 - Understanding and Application of Good Corporate Governance

Module 4 - The Common Offences Committed by Company Directors Under The Companies Act 1965

Module 5 - What Directors Need to Know About Corporate Taxation?

Module 6 - What Directors Need to Know about Analyzing and Interpreting the Financial Statement?

### (ii) Licensed Secretaries Training Programme (LSTP)

(a) Level 1

Module 1 - The Changing Roles and Responsibilities of Company Secretary

Module 2 - What Do You Need to Know About Companies?

(b) Level 2

Module 3 - Directors, Company Officers and Auditors

Module 4 - What Do You Need to Know About Registered Office, Statutory Books, Statutory Returns & Other Documents

(c) Level 3

Module 5 - Dealing With Company Meetings

Module 6 - Common Offences Committed By Company Secretaries Under Companies Act 1965

**(iii) SSM Directors Series**

- (a) Implementing the Single-Tier Tax System
- (b) Understanding Boardroom Finance
- (c) Risk Management
- (d) Regulators' Guide on Transactions by Directors
- (e) Understanding Corporation Tax

**(iv) SSM Company Secretarial Series**

- (a) Company Secretarial Practice for Beginners
- (b) Examining Critical Company Secretarial Issues@ Boardroom
- (c) Managing Meetings and Effective Minutes Writing Workshop
- (d) Managing Statutory Registers and Guides to Comply with Statutory Forms Requirements
- (e) Regulators Guides on Shares and Related Issues
- (f) Practical & Regulatory issues and Solutions to Year-End Compliance Matters: AGM, Audited Accounts and Annual Return

**(v) Company Law Series**

- (a) Implications of Companies (Amendments) Act 2007 on Companies and Directors
- (b) Insights on Voluntary Winding-Up, Striking-off Application and its Procedures
- (c) Law & Practice on Receivership & Winding-Up
- (d) Interest Schemes for Industry Practitioners
- (e) Law on Registration of Charges and Debentures & Implications in the Event of Default
- (f) Company Limited by Guarantee: Law & Compliance
- (g) Understanding Partnership Law

**(vi) Finance Series**

- (a) Understanding Financial Statements for Non-Accounting Personnel
- (b) Understanding Financial Statements for Non-Accounting Executives
- (c) Understanding Financial Statements for Non-Accounting Personnel
- (d) Finance for Non-Finance Managers
- (e) Cash Management & Credit Control Strategies

**(vii) SMEs & Business Enterprise Series**

- (a) *Pemahaman Mengenai Pendaftaran Perniagaan and Penubuhan Syarikat*
- (b) Start your Own Business: Understanding Registration of Business and Incorporation of Companies
- (c) Corporate Governance and CSR for SMEs
- (d) Implementing an Effective System of Internal Control



### (viii) Corporate Governance & Enforcement

- (a) Corporate Governance Cases & Corporate Fraud Detection and Prevention
- (b) Framework for Whistleblower Protection and Creation of an Anti-Fraud Culture within a Corporation

### (ix) e-Lodgement

Free e-Lodgement training for company secretaries and members of the public. The training sessions were conducted in Kuala Lumpur as well as in the state offices of SSM.

Detailed statistics on the number of programmes and participants in relation to the above-mentioned programmes are as follows :

PROGRAMMES	NO. OF PARTICIPANTS	NO. OF PROGRAMMES
1-Day Corporate Directors Training Programme	161	12
2-Day Corporate Directors Training Programme	64	3
Licensed Secretaries Training Programme	1,049	48
Customised In-House Programme	324	9
Directors' Series	43	4
Company Secretarial Series	216	9
Company Law Series	439	12
Finance Series	28	1
SMEs & Business Enterprise Series	59	6
Collaboration Programme *	766	15
e-Lodgement Programme	600	14
<b>TOTAL</b>	<b>3,749</b>	<b>133</b>

\* Detailed explanation can be found in Chapter 3

### CUSTOMIZED EXTERNAL IN-HOUSE TRAINING PROGRAMMES

COMTRAC continued to receive requests from various organizations to conduct in-house programmes for their board of directors and officers in 2009. A total of 9 such seminars were customized and conducted for the following organizations and attended by 324 participants.

## External In-House Training Programmes in 2009

MONTH	PROGRAMME TITLE	ORGANISATION	NO.OF PARTICIPANTS
MAY	Essential Corporate Directors Training Programme	Yayasan Guru (M) Berhad	25
JUNE	Essential Company Secretarial Practice Workshop	Perbadanan Usahawan Nasional Berhad (PUNB)	32
	<i>Seminar Ahli Lembaga Pengarah Syarikat</i>	Melaka State Government	32
JULY	Essential Company Secretarial Practice Workshop	Perbadanan Usahawan Nasional Berhad (PUNB)	31
	<i>Seminar Ahli Lembaga Pengarah Syarikat</i>	Perlis State Economic Development Corporation	26
	2-Day Corporate Directors Training Programme	Malaysian Venture Management Berhad (MAVCAP)	26
SEPT	Corporate Directors Training Programme	Ministry of Finance (MOF)	100
OCT	Corporate Directors Training Programme	Bank Islam Malaysia Berhad (BIMB)	25
NOV	2-Day Corporate Directors Training Programme	Perbadanan Hal Ehwal Bekas Angkatan Tentera	27
<b>TOTAL</b>			<b>324</b>

## NON-REVENUE GENERATING PROGRAMMES

As part of SSM's corporate responsibility duties, COMTRAC continued to provide free training sessions to educate, and create awareness amongst the newly graduated students, unemployed graduates of higher learning institutions and would-be entrepreneurs to encourage them to venture into business. In 2009, COMTRAC sent its representatives to speak on 'Start Your Own Business: Registration of Business and Incorporation of Companies' and other relevant topics at 53 events organized by the following organizations and attended by 2,495 participants:

- Institut Latihan Kehakiman dan Perundangan (ILKAP)
- Jabatan Pertanian
- Malaysian Entrepreneurship Development Centre (MEDEC)
- Universiti Putra Malaysia (UPM)
- Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank)
- Malaysian Institute of Aviation Technology (MIAT)
- Institut Tadbiran Awan Negara (INTAN)
- Jabatan Belia dan Sukan
- Perbadanan Pembangunan Industri Kecil dan Sederhana (SMIDEC)
- Institut Latihan Islam Malaysia (ILIM)
- Malaysian Franchise Association (MFA)
- Lembaga Perlesenan Tenaga Atom, Kementerian Sains, Teknologi & Inovasi Malaysia

- 
- Jabatan Laut Semenanjung Malaysia
  - Sekolah Menengah Kebangsaan Perimbun, Cheras
  - Kementerian Perdagangan Dalam Negeri Koperasi dan Kepenggunaan
  - Pertubuhan Kebangsaan Melayu Bersatu, Pergerakan Pemuda UMNO, Bahagian Batu, Wilayah Persekutuan
  - Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA)
  - Universiti Kebangsaan Malaysia (UKM)
  - Maktab Polis Diraja Malaysia
  - Dewan Perniagaan Melayu Malaysia WP Putrajaya
  - Pusat Pengembangan, Keusahawanan dan Pemajuan Profesional, UPM
  - Universiti Multimedia (MMU)
  - Jabatan Ketua Menteri Melaka

### **Awareness programmes for new interest scheme operators**

The Compliance Division conducted a briefing session on SSM's Policy Guidelines and Requirements of Division 5 Part IV of CA 1965 in relation to the operation of interest schemes for 43 new interest scheme operators before commencement of their businesses. This was done to ensure future compliance to the law upon initiating their operations.

Apart from the above briefing, COMTRAC successfully organized four public seminars on '*A Guide for Industry Practitioners: Offering of Interest Scheme*' in Kuala Lumpur, Penang and Kota Kinabalu. These seminars which were attended by 166 participants provided guidance and clarifications on the detailed process and regulation requirements involved in registering and operating interest schemes in Malaysia.

### **Issuance of Practice Notes**

The concept and issuance of Practice Notes (PN) was introduced in June 2008 with the following objectives:

- To re-align the requirements of the laws administered by SSM with prevailing industry practice, with the focus being on the provisions of CA 1965
- To facilitate stakeholders understanding in relation to the requirements of the CA 1965 by clarifying positions of certain practices which are not aligned to the laws
- To provide solutions in the application and interpretation of the provisions of CA 1965 to facilitate compliance with the laws.

In 2009, SSM issued three (3) PNs namely :

- (i) **PN 3/2009** : Confirmation on the latest shareholding structure/composition of a company issued by a company secretary

Prior to the issuance of PN3/2009, the stakeholders faced difficulty pursuant to the refusal by most Government departments and agencies to accept the written confirmation issued by company secretaries in respect of the shareholding structure/composition of a company as evidence of the latest shareholding structure of that company. The issuance of PN3/2009 which contains SSM's reiteration that a letter of confirmation issued by a company secretary in respect of the structure/composition of shareholding of a company can be sufficient evidence and that the Government department/agencies may rely on it as the latest shareholding information of a company.

- (ii) **PN4/2009** : Notification in relation to the identification of chargees for the execution of Form 42B for the discharge of charge under the CA 1965

Prior to the issuance of PN4/2009, chargor companies faced difficulty in lodging Form 42B for charges that have been satisfied as they could not locate the chargees (usually banks or financial institutions) as some have already been merged or dissolved. As such they have failed to comply with the requirement of section 113 of CA 1965 to lodge Form 42B within 14 days from the date of satisfaction of charge. The issuance of PN4/2009 has resolved the predicaments faced by charger companies where they can now refer this issue to the Association of Banks Malaysia (ABM) to find out the whereabouts of the chargees to enable these chargees to execute Form 42B.

- (iii) **PN5/2009** : The filing of objection pursuant to a claim of amount due and owing against a company undergoing a striking-off process.

Prior to the issuance of PN5/2009, there was an absence of a standardized policy and procedure for a third party who had a valid claim in the form of any amount due and owing against a company which is undergoing a striking-off process under section 308(1) of CA 1965. The issuance of PN5/2009 has streamlined the procedures for third parties to file their objection for the purpose of enforcing their rights against the company provided that the third party must show proof by attaching the cause papers filed showing that he/she has initiated legal action to enforce the claim in a Court of law.



CHAPTER 3  
**REPORT ON  
STAKEHOLDERS**  
ENGAGEMENTS AND  
COLLABORATIONS

CEILING, LEVEL 17



# CHAPTER 3

## REPORT ON

### STAKEHOLDERS ENGAGEMENTS AND COLLABORATIONS

SSM considers stakeholders' engagement as a vital component of its public service delivery system. In 2009, SSM intensified its stakeholders engagements towards understanding the issues and problems faced by the stakeholders and address them accordingly. For a more effective execution of its functions and mandates, SSM entered into several collaborative arrangements with a range of stakeholders.

#### **The Corporate Practice Consultative Forum**

The Corporate Practice Consultative Forum (CPCF) was introduced in 2005 with the objective of promoting greater co-operation between SSM, members of the prescribed bodies and company secretarial associations. The original CPCF membership comprised:

- (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)

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In 2009, SSM organized two CPCF meetings namely CPCF1/2009 on 5 March 2009 and CPCF2/2009 on 16 July 2009 in Sabah and Sarawak respectively. Among the achievements of the 2009 CPCF series include:

(i) The organization of CPCF meetings in Sabah and Sarawak

Since its establishment in 2005, the CPCF meetings had always been conducted in Kuala Lumpur. The holding of the CPCF meetings in Sabah and Sarawak was in recognition of the need for SSM to include its stakeholders in these two states in the existing stakeholders' engagement platforms. SSM's move is also consistent with the Government's 1Malaysia concept where attention is given equally to all stakeholders regardless of their geographical locations.

(ii) The expansion of the membership of the CPCF to include:

- (a) Malaysia Corporate Counsel Association (MCCA);
- (b) The Advocates Association of Sarawak;
- (c) Sabah Law Association; and
- (d) Government-linked companies (GLCs) [represented by Khazanah Nasional Berhad and Bumiputera Commerce Holdings Berhad];

CPCF membership expansion to the prescribed bodies based in Sabah and Sarawak (i.e. the Advocates Association of Sarawak and Sabah Law Association) has added a new dimension to the CPCF as deliberation of issues, problems and proposals from the East Malaysian representatives can now be easily done. The inclusion of GLCs into the CPCF fold is in recognition of their strategic importance to the country and to enable company secretaries of the GLCs (most of whom are in-house secretaries) to raise all grievances and issues pertaining to the legal framework, policies and public service delivery system and ensure a more efficient operation of such strategic national assets.

(iii) The establishment of the CPCF Technical Committee (CPCF Technical Committee)

At CPCF1/2009 meeting, it was resolved that a technical meeting platform be established to enable detailed discussion of issues raised on corporate law, policies and practices. The decisions reached during the CPCF Technical meetings would then be tabled and endorsed by the CPCF meetings. In the case of unresolved issues, they would be taken up for further deliberation at the CPCF meeting level. In 2009, a total of four (4) CPCF Technical Committee meetings were held, bringing the total number of CPCF member engagements last year to a record six (6).

The CPCF and CPCF TC meetings have also enabled various issues and problems pertaining to company secretarial practices and interpretation of the law to be resolved in the spirit of mutual understanding and cooperation. Some of the issues raised have paved the way for the formulation of Practice Notes which benefit the stakeholders tremendously. SSM has also leveraged on the CPCF as a '*2-way traffic platform*' to update stakeholders on its new products, policies and projects such as the various e-Info product derivatives, the closure of counters for e-Info, the Company Secretaries Integration (CSI) system, consultation on the LLP, and the SSM Corporate Responsibility (CR) Agenda. It has also utilized the platform to instill awareness of various corporate governance related issues.

In a spirit of cooperation and collaboration, SSM had also accorded the CPCF platform to the Labuan International Business and Financial Centre, Malaysia (Labuan IOFC) to conduct a briefing on their co-location initiative.

### **Roundtable discussions on the proposed Limited Liability Partnership Bill**

The Limited Liability Partnership (LLP) is a business vehicle which combines the limited liability features of a company with the flexibility of a partnership. The development of the LLP will provide for an alternative business vehicle to the country to complement the existing business modules, namely company, sole proprietorship and partnership.

Two roundtable discussions with stakeholders comprising members of the CPCF were held on 12-13 May 2009 in Kuala Lumpur and on 17 August 2009 in Sarawak with the following objectives :

- (i) To finalize the provisions of the proposed LLP Bill
- (ii) To resolve potential problems with regard to the implementation of the proposed LLP Bill
- (iii) To obtain feedback on areas that require improvement

The roundtable discussions have achieved their objective given the unanimous endorsement of the LLP concept from SSM's stakeholders.

### **SSM Annual Dialogues in Kuching and Kota Kinabalu**

The SSM Annual Dialogues in Kota Kinabalu and Kuching were held on 14 and 15 December 2009 respectively. Both the Dialogues were attended by approximately 300 participants drawn from the GLCs, Government agencies, company secretaries, members of professional bodies and trade associations. In 2009, focus was given to Sabah and Sarawak so as to bridge the gap in relation to availability of periodical stakeholders' engagement platforms.

The first half of the Annual Dialogues was dedicated to briefings and presentations from SSM. They included :

- (i) Briefing on SSM's CSI

SSM has developed a new system to enable direct integration between the software of company secretarial firms with SSM's system. This new system allows for the auto-population of data and integration of the data stored with that of the company secretaries' database. The CSI is currently deployed on a trial run basis in selected company secretarial firms in Kuala Lumpur and the Klang Valley and will be deployed in full in 2010.

- (ii) Briefing on SSM's Continuing Professional Education Points Scheme

The Continuing Professional Education (CPE) Points Scheme will be implemented beginning 2010 for the purpose of renewal of the company secretary licence. The implementation of the CPE Points Scheme is to ensure a high level of efficiency and competency among company secretaries in upholding their professionalism and in carrying out their functions as officers of a company.

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(iii) Presentation on corporate responsibility

In conjunction with the launch of SSM CR Agenda, SSM had invited a representative from the United Nations Children's Fund (UNICEF) to speak on the roles and responsibilities of companies and businesses towards ensuring the welfare of children in Malaysia within the corporate and business environment. Such strategic collaboration is envisaged to create awareness amongst the corporate and business participants on the issues faced by children and how they can be addressed by the corporate community.

The second session of the Annual Dialogues focused on addressing the various issues raised by the stakeholders and all of these issues were subsequently addressed by SSM. The issues, feedback and suggestions received during the sessions have been taken into serious consideration in rendering better services to the stakeholders. The dialogue sessions were chaired by SSM's Chief Executive Officer (CEO) with the members of SSM's Executive Management serving as panelists.

### **Expositions, outreach programmes and briefing sessions**

During the year in review, SSM carried out various outreach programmes which included briefing sessions on the incorporation of companies, registration of businesses and SSM's e-Services. Besides these programmes, SSM also participated in various exhibitions throughout Malaysia such as the 'Buy Malaysia' Campaign, Gerak Usahawan (Entrepreneurship Drive), 'One Family One Company' (1K1S), Bio-Malaysia National Exhibition 2009 and the National Intellectual Property Exhibition 2009.

### **Media engagements**

Several media appearances and interviews were arranged to disseminate key messages and to promote and create greater public awareness of SSM, and its role, products and services. SSM's Executive Management were interviewed on air over radio networks such as Klasik FM, Asyik, Sinar FM, Bernama Radio 24 and over television networks such as TV1, TV2 (Hello on Two) and Astro. Several executive members were also interviewed by newspapers on matters pertaining to training programmes and courses conducted by COMTRAC, the measures pertaining to the temporary reduction in selected e-Services, interest schemes and the concept of 'Balanced Enforcement'.

### **Publication of 'Gearing Up For Business – A Compendium on Establishing a Business in Malaysia'**

In order to reach out further to its stakeholders, SSM has produced an improved version of the earlier 'Guidelines on Doing Business in Malaysia'. Re-named 'Gearing Up for Business - A Compendium on Establishing a Business in Malaysia', the compendium has been widely distributed locally to SSM's stakeholders as well as internationally during trade missions, meetings and seminars. The public can avail themselves of a copy of the compendium at RM20.00 per copy. A total of 2,718 copies were distributed and sold last year. In addition, the soft copy of the compendium is available online and can be accessed at SSM's website.

The content matter of the compendium has been designed to facilitate a step-by-step explanation of the processes and requirements for the incorporation, administration and winding up of companies, registration, renewal and termination of businesses as well as other relevant information. A brief description of the content of the compendium is as follows :

(i) Starting a business in Malaysia

There are 4 ways of carrying out a business in Malaysia, namely :

- Incorporating a company limited by shares either as a private limited company or a public limited company
- Registering a foreign company
- Registering a sole proprietorship
- Registering a partnership

The most common type of business module is the incorporation of a private company limited by shares.

(ii) Registration of a foreign company

A foreign company may establish its place of business or carry out business within Malaysia by registering with SSM. The registration of foreign companies is considered a '*branch office*'.

A foreign company is defined under the Companies Act 1965 as:

- A company, corporation, society, association or other body incorporated outside Malaysia; or
- An unincorporated society association, or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia

(iii) Registration of a sole proprietorship or partnership

A sole proprietorship is a business wholly owned by a single individual using his / her personal name as per his / her identity card or trade name. A partnership is a business owned by two or more persons but not exceeding 20 individuals. The eligibility requirements for the registration of businesses are :

- The person must be a Malaysian citizen or permanent resident; and
- The person must be aged 18 and above.



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(iv) Registration of interest schemes

Schemes that fall within the definition of Section 84 of the Companies Act 1965 and unlisted recreational clubs must be registered with SSM. In relation to clubs and timeshares, two guidelines are available in the website for reference. The scheme must be operated by a public company with a stipulated paid-up capital. The operator must appoint a trust company or representative to act as a trustee to the scheme with the approval of the Minister of MDTCC. The operator must lodge with SSM a registered Trust Deed and a six-month Prospectus with the contents approved by the Registrar of Companies prior to the public offering of the interest.

(v) COMTRAC

The Companies Commission of Malaysia Training Academy (COMTRAC) was established on 1 April 2007 as the education and training arm of SSM. COMTRAC undertakes the internal training of SSM staff towards enhancing their level of professionalism and competencies. Besides, COMTRAC offers corporate training programmes for corporate directors, corporate intermediaries and company secretaries.

(vi) SSM e-Services

The e-services serve as an alternative to SSM's counter services for the purposes of lodgement of documents and procurement of corporate and business information. Such services comprise the e-Lodgement and e-Info services. Payments for utilizing SSM e-services can be made via credit card, direct debit or prepaid accounts.

(vii) SSM Clients Service Charter

The Clients Service Charter represents SSM's commitment to providing efficient and speedy services to the public. SSM undertakes to process, approve and register a complete application in respect of business and company registration services within the time period stated in the Clients Service Charter.

Besides all these categories of information, the compendium also contains the contact details of the relevant agencies involved in starting a business and SSM's offices nationwide.

### **Advertisement**

Largely as a result of its regular advertisement in printed materials such as in the local dailies, publications of related agencies, *'Going Places' of Malaysia Airlines'* in-flight magazine as well as advertising its services in Yellow Pages TV (YPTV), SSM's presence and its activities are more visible. SSM is also working with Media Prima on several key advertisements, one of which is on the promotion of its e-Services. On 6 December 2009, SSM's television advertisement on *'Perniagaan Anda Bermula di SSM'* (Your Business Starts with SSM) was aired for the first time on TV3 (on Bulletin Utama and on Nightline slots) and will continue to be aired consecutively for the next three (3) months.

## Training programme collaborations

In 2009, 15 training programmes were conducted by COMTRAC in collaboration with professional bodies such as the Institute of Internal Auditors Malaysia (IIAM), MAICSA, MICPA, IACC, Universiti Kebangsaan Malaysia (UKM), Bursa Malaysia and Institute of Integrity Malaysia (IIM). The joint training programmes were attended by a total of 766 participants. Details on these collaborative programmes are given below :

PARTNER	PROGRAMME	VENUE	NO. OF PARTICIPANTS
IACS	SSM Practice Notes (PN) 1 & 2 and Awareness of e-Lodgement	Johor Bahru	134
	SSM's Initiatives in Ensuring Compliance	Muar	19
	SSM PN 1 & 2 and Awareness of e-Lodgement	Kuching	37
	Awareness of e-Lodgement	Kota Kinabalu	47
MICPA	Risk Management Workshop	Kuala Lumpur	30
MAICSA	Striking-Off Application and Procedures, Voluntary Winding-Up and Registration of Documents for Court Winding-Up	Penang, Johor Bahru and Kuala Lumpur	68 39 62
	A Guide to Industry Practitioners: Offering of Interest Schemes	Penang	23
IIAM	Implementing an Effective System of Internal Control	Johor Bahru Kuala Lumpur	18 40
IIM	Pan Commonwealth Workshop on Leveraging Corporate Governance and Ethical Strategies in Strengthening Institutional Integrity System Against Corruption	Kuala Lumpur	28
UKM	Pengurusan Syarikat Mapan di Abad ke-21 (Managing a Sustainable Company in the 21st Century)	Bangi	76
CPA AUSTRALIA	Understanding Registration of Business and Incorporation of Companies & Transactions by Directors	Kuala Lumpur	20
BURSA MALAYSIA	Achieving New Heights in Corporate Enforcement: The SSM's Balanced Enforcement Approach	Kuala Lumpur	125
<b>TOTAL</b>			<b>766</b>

## Memorandum of Understanding between SSM and the Department of Statistics Malaysia

SSM and Department of Statistics Malaysia (DOSM) entered into a Memorandum of Understanding (MoU) on 15 April 2009 as part of their initiative in ensuring a continuous supply of data between the two governmental bodies as well as providing industrial classification input under the Malaysian Standard Industrial Classification (MSIC). The ceremony was officiated by the Chief Statistician of Malaysia, Puan Hajah Wan Ramlah binti Wan Abd. Raof for the Department of Statistics Malaysia and Datuk Abdul Karim bin Abdul Jalil, Chief Executive Officer of SSM.

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Cooperation between the DOSM and SSM is a strategic partnership because:

- (a) SSM serves as a data warehouse for information relating to business and company – whether in the form of local companies, foreign companies, sole proprietorships or partnerships;
- (b) DOSM is the main data provider used by the Government in economic development planning;
- (c) DOSM has information other than the primary source of periodic surveys and reviews on companies and businesses. Updated and comprehensive lists of companies and businesses are required in order to publish quality data;
- (d) DOSM has a system known as the Central Register System (SIDAP), which maintains information details of 1.8 million businesses and companies obtained from several agencies as data providers; and
- (e) SSM is one of the data providers that DOSM has engaged in updating SIDAP. The information will then be used in sample selections for surveys and studies needed to provide the official statistical data for the country.

#### **Memorandum of Understanding between SSM and Labuan Financial Services Authority (Labuan FSA)**

A Memorandum of Understanding between Labuan FSA and SSM was signed on 26 May 2009, represented by Dato' Azmi bin Ariffin, the CEO of SSM and Dato' Azizan Abdul Rahman, the Director General of Labuan FSA. The signing ceremony was witnessed by Datuk Ali Abdul Kadir, a member of Labuan FSA. The MoU, among others, covers the following areas of mutual cooperation and collaboration:

- (a) Enforcement – both authorities will assist each other in matters pertaining to the enforcement of the laws and regulations administered and enforced by the respective authorities including the sharing of information, surveillance, investigation and prosecution of offences;
- (b) Research and development - both authorities will assist each other in matters pertaining relating to research and development towards improving the legal, policy, operational and administrative framework in furtherance to carrying out the respective functions of SSM and Labuan FSA;
- (c) Exchange of information - both authorities will assist each other in the exchange of relevant information towards carrying out and enhancing their respective regulatory functions; and
- (d) Training and staff development - both authorities will cooperate in areas of staff training and development towards familiarizing their respective employees on their functions and operations.

Pursuant to the MoU, SSM and Labuan FSA jointly establish a working level committee towards ensuring execution of co-operation and mutual assistance on details of the co-location implementation issues on establishment of offices for Labuan Holding Companies in Kuala Lumpur.

## Memorandum of Understanding between SSM and Universiti Kebangsaan Malaysia

– Refer to Chapter 4: *Towards Driving the Culture of Corporate Responsibility*

### Corporate Registers Forum 2009

The Corporate Registers Forum (CRF) is an international non profit organisation for administrators of corporate and securities registers. The aim of the CRF is to provide delegates with the opportunity to review the latest developments in corporate business registers internationally and exchange experience and information on the present and future operations of corporate business registration systems and best practices.

As a charter member of CRF, Malaysia has been actively involved in the organisation and has attended all CRF sessions organised since its inception. The membership of the CRF has evolved and increased since its beginnings to 22 members (as of 31 December 2009) consisting not only of countries from the Asia Pacific rim but from other parts of the world such as the West Indies, the Arab World and Africa. The member countries now consist of Australia, Bermuda, Botswana, British Virgin Islands, Canada, Cook Islands, Hong Kong, India, Malaysia, Mauritius, New Zealand, Nigeria, Pakistan, Rwanda, Samoa, Singapore, South Africa, Sri Lanka, United Arab Emirates, United Kingdom, Vanuatu and Zambia.

CRF 2009 was hosted by the Companies and Intellectual Property Registration Office (CIPRO), South Africa. The theme of this year's Forum "*Harmony and Synergy in the Administration of Corporate Law*" is apt considering the current economic turmoil faced by the world. The focus for this year's CRF is the role of corporate regulators in the current global financial crisis and how collaboration between corporate regulators may prevent problems spreading between jurisdictions. Such collaboration is bound to provide opportunities for corporate registries to tap into the existing wealth of experience of other jurisdictions in order to provide service that is more efficient, effective and economical. The programme for CRF 2009 covered amongst others:

- Presentations by the World Bank - Doing Business Team.
- Perspectives from some of the top 10 jurisdictions in the world on the transformation of their Corporate Registries.
- Presentations by leading practitioners in Corporate Law, academics and specialist advisors on Corporate Law.

SSM was invited by the World Bank to present a paper sharing its experiences on the good practices of business registration outside the region of Africa. SSM shared its initiatives and business registration strategies in Malaysia in a paper presented at the '*Business Registration Reforms in Africa*' Practitioners Workshop. The paper highlighted SSM's journey in reforming its business processes and enhancing its service delivery.

A paper was also presented on the Companies Commission of Malaysia Training Academy (COMTRAC). The paper entitled '*Reaching out to our Stakeholders through Education*' explained the establishment of COMTRAC, its framework, programmes offered, awareness programmes and conferences organised. The delegates were particularly attracted to the concept of SSM's '*Balanced Enforcement*' and were of the view that it is a viable enforcement methodology worthy of being further assessed for possible adoption in their respective jurisdictions.

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## **36th & 37th United Nations Commission on International Trade Law Working Group V (Insolvency Law) meetings**

SSM participated in the 36th and 37th sessions of the United Nations Commission on International Trade Law (UNCITRAL) Working Group V meetings on Insolvency Law, held from 18-22 May 2009 in New York and from 9-13 November 2009 in Vienna, Austria respectively. The meetings continued with discussions on the formulation of a model law on the treatment of enterprise group in insolvency as part of the Cross-Border Insolvency Legislative Guide.

Given the current increase in cross-border trade and investment, there have been several incidences of cases of companies with assets in more than one country becoming a subject of an insolvency proceeding. This will call for cross-border cooperation and coordination in the supervision and administration of the insolvent company's assets.

SSM's participation in the 36th and 37th meetings of the UNCITRAL Working Group V (Insolvency Group) marks its continuing efforts towards supporting the Government in providing an effective, simplified and modern legal infrastructure in the area of insolvency. This should go a long way towards ensuring that the closure of business and reorganization of business mechanisms in Malaysia are at par with international standards.

## **The organization of the Pan Commonwealth Workshop on Leveraging Corporate Governance & Ethical Strategies in Strengthening Institutional Integrity System against Corruption**

Last year in collaboration with the Malaysian Institute of Integrity (IIM) and the Economic Planning Unit (EPU); Companies Commission of Malaysia Training Academy (COMTRAC) co-organized the Pan Commonwealth Workshop with the theme '*Leveraging Corporate Governance and Ethical Strategies in Strengthening Institutional Integrity System against Corruption*' in Kuala Lumpur from 3-7 August 2009. The Workshop which was funded by the Commonwealth Fund for Technical Cooperation (CFTC) and IIM saw the participation of 29 international participants from various Commonwealth countries such as Bangladesh, Cyprus, Gambia, Ghana, Kenya, Maldives, Mauritius, Malaysia, Samoa, Seychelles, Solomon Island, Sri Lanka, Swaziland, Tonga and Zambia. Participants to the Workshop discussed the various aspects pertaining to corporate governance and business sustainability in the context of the 21st century business environment.

The Workshop contents, which was designed by COMTRAC, comprised the following modules :

- (i) Module 1 - Commonwealth Secretariat Corporate Governance Programme
- (ii) Module 2 - Evolution of Corporate Governance amongst Selected Commonwealth Countries and Issues of Corporate Governance in the 21st Century
- (iii) Module 3 - Corporate Governance Reforms Agenda and Legal Framework Review: The Malaysian's Experience
- (iv) Module 4 - Companies Commission of Malaysia's Corporate Enforcement Initiatives in Ensuring Compliance
- (v) Module 5 - The Role of Professional Values and Integrity in Combating Corruption



- (vi) Module 6 - Implementation of the Code of Corporate Governance in the Listing Requirements for Public Listed Corporations.
- (vii) Module 7 - Economic Crime and Corruption Cases as Symptoms of Governance Failures
- (viii) Module 8 - Internal Control and Risk Management as Strategic Tools for Optional Use
- (ix) Module 9 - Fraud Detection System – A Professional Approach
- (x) Module 10 -Whistle Blowing Mechanism – A Corporate Case Study

At the close of the Workshop, delegates were able to understand that good corporate governance is crucial in reducing the risks of fraud and corporate collapses. In a well-governed company, there are mechanisms and adequate control systems which reduce the likelihood of interested parties enriching themselves at the expense of investors/shareholders.

### **The 2010 Regional Cambridge International Symposium**

Beginning August 2009, COMTRAC commenced preliminary work in its attempt to introduce the highly acclaimed '*Cambridge International Symposium on Economic Crime*' an event held annually at Jesus College, University of Cambridge for the past 27 years to held in Kuala Lumpur. SSM in association with the Centre for International Documentation on Economic and Organised Crime (CIDOEC) will be organizing the Regional Cambridge International Symposium on Economic Crime from 22 to 24 June 2010 in Kuala Lumpur. This is an effort to introduce the Cambridge International Symposium on Economic Crime as a chapter for relevant stakeholders in the Asia region.

The background of the entire page is an abstract wall with wavy, golden lines. The lines are horizontal and wavy, creating a sense of movement and depth. The color is a warm, golden yellow. The wall is illuminated from above, creating a bright spot at the top center and a gradient of light across the surface.

# CHAPTER 4

## **TOWARDS DRIVING** THE CULTURE OF CORPORATE RESPONSIBILITY

ABSTRACT WALL FOR EVERY LEVEL

# CHAPTER 4

## TOWARDS DRIVING THE CULTURE OF CORPORATE RESPONSIBILITY

As a registrar and co-regulator of the national business and corporate affairs of the country, SSM is set to play a strategic role in promoting and driving the culture of corporate responsibility (CR) among its stakeholders. CR has been identified as having a very significant role in the 21st century business and corporate environment alongside good corporate governance. The close correlation between CR and corporate governance has prompted the organization to participate in the promotion of CR to its stakeholders.

### SSM'S CORPORATE RESPONSIBILITY MASTER FRAMEWORK

SSM last year had developed a master framework in the form of the Companies Commission of Malaysia Corporate Responsibility Agenda (SSM CR Agenda) towards promoting and inculcating the culture of CR amongst its stakeholders. The SSM CR Agenda, which was officially co-launched by the Chief Secretary of the Ministry of Domestic Trade, Co-operatives and Consumerism and the SSM Chairman on behalf of the Honorable Minister on 30 June 2009, explains the concept, objective and the implementation route towards advocating CR to SSM's stakeholders.



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The SSM CR Agenda will enable SSM to position itself in the national pursuit of inculcating the CR culture consistent with Vision 2020, the 9th Malaysia Plan, the impending 10th Malaysia Plan, the Government's annual budget as well as the international call for corporations and businesses to adopt CR practices. The SSM CR Agenda which is a public document comprises 5 chapters namely :

- **Chapter 1:** A Snapshot of CR
  - Provides a clear and simple explanation on the concept and explanation of CR
- **Chapter 2:** The SSM CR Agenda Parameter
  - Provides an explanation on SSM's definition of CR, its organizational statement, categories of CR, the objectives of the SSM CR Agenda as well as its tagline and logo
- **Chapter 3:** Executing the Roles of the Public Sector in CR
  - Provides an explanation on the roles of the public sector in advocating CR
- **Chapter 4:** SSM's Embrace of the Notion of CR
  - Explains SSM's strategy in propagating CR benchmarked against the World Bank's four identified roles as well as the process of internalizing the various CR principles in the organization.

SSM's quest to inculcate the culture of CR amongst the small and medium industries (SMEs) has significant and strategic national implications as more than 90% of the enterprises in the country fall under the SME category. The SSM CR Agenda is a strategic organizational undertaking as SSM is well positioned to leverage on its role as the incorporation/ registration authority of more than 850,000 companies and 4 million partnerships and sole proprietorships registered with the organization.

### **SSM CR Agenda tagline and logo**

SSM has adopted the tagline '*Driving business beyond profitability*' to communicate its role in relation to inculcating the CR culture amongst the business and corporate community. In addition, SSM has also adopted the following logo which symbolizes the triple bottom line approach encapsulating the three major dimensions of sustainability namely the economy, society and the environment.



The following is the explanation pertaining to the abstract icons appearing in the logo :

- The human icon appearing at the extreme left represents human society.
- The avian icon appearing at the extreme right symbolizes the environment.
- The green color also connotes the environment.
- The PETRONAS twin tower icon in the middle symbolizes the pinnacle of economic success.
- The circular shape of the icons connotes sustainability and universal outlook

Against the backdrop of the triple bottom line concept, SSM will strive to play the four key roles of the public sector in relation to CR as identified by the World Bank namely :

- (i) Mandating role - introduction of laws and regulations pertaining to CR
- (ii) Facilitating role - development of policies and the provision of incentives to encourage CR initiatives
- (iii) Partnering role - formation of strategic partnerships with the private sector to encourage CR practices
- (iv) Endorsing roles - political support and endorsement of CR

## **ACTIVITIES CARRIED OUT BY SSM TOWARDS INCULCATING THE CULTURE OF CR AMONGST STAKEHOLDERS**

### **Signing of a Memorandum of Understanding between SSM and Universiti Kebangsaan Malaysia**

In conjunction with the official launch of the SSM CR Agenda, SSM had also entered into a Memorandum of Understanding (MoU) with Universiti Kebangsaan Malaysia (UKM). The salient points of the MoU are as follows:

- (i) Joint development of a CR framework for non-public listed companies, private companies and small and medium enterprises pursuant to the data, information and statistics provided by SSM and the findings and conclusions following the research conducted by UKM;
- (ii) Joint authorship of articles, literature and papers on the subject of CR; and
- (iii) Joint promotion of CR amongst students of institutions of higher learning as well as the private sector.

Pursuant to the MOU, SSM and UKM jointly organized a lecture on CR towards educating UKM students and SME participants on 9 October 2009. Currently, SSM and UKM are working on a national survey to gauge the level of awareness and understanding of CR amongst companies in Malaysia, focusing on SMEs. The national survey will be conducted in the second quarter of 2010.



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### **The organization of a public lecture on CR by COMTRAC**

COMTRAC organized a free public lecture to explain the concept of CR to SMEs, Government-linked companies and Government agencies and its relevancy in the current context of business. The public lecture, themed '*Seminar on The 21st Century Business Environment: Integrating Corporate Governance and Corporate Responsibility into SMEs*' succeeded in attracting 76 participants.

### **The organization of a public lecture on CR by Curtin University Sarawak**

On 2 November 2009, SSM was invited by Curtin University Sarawak to deliver a lecture on the topic of CR to its students as well as the corporate and business community in Miri, Sarawak. Conducting such an event at a university in Sarawak represents a first for SSM.

### **The joint-organization of a public lecture and forum on CR in Kelantan**

Further to the signing of an MOU by SSM and the Malaysian Institute of Integrity (IIM) on 7 August 2009, SSM and the IIM co-organized an evening lecture on CR and corporate ethics at Universiti Malaysia Kelantan on 18 November 2009. In addition, SSM and IIM also participated in a forum on CR and corporate ethics for Kelantan-based contractors and architects on 19 November 2009.

## **SUSCRIBING TO THE NOTIONS OF CR**

### **Free stakeholder motivation and training programmes conducted by COMTRAC**

Although the concept of CR applies directly to the corporate and business community, SSM last year consciously subscribed to the noble notions of CR by providing free training to its stakeholders. These training sessions were aimed at educating and creating awareness amongst new graduates, unemployed graduates and would-be entrepreneurs on the fundamental aspects of business.

In 2009, COMTRAC sent its representatives to speak on '*Start Your Own Business: Registration of Business and Incorporation of Companies*' at 53 separate events organized by various organizations and attended by 2,495 participants. The organizations involved included Institut Latihan Kehakiman dan Perundangan (ILKAP), Jabatan Pertanian, Malaysian Entrepreneurship Development Centre (MEDEC), Universiti Putra Malaysia (UPM), Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank), Malaysian Institute of Aviation Technology (MIAT), Institut Tadbiran Awan Negara (INTAN), Jabatan Belia dan Sukan, Perbadanan Pembangunan Industri Kecil dan Sederhana (SMIDEC), Institut Latihan Islam Malaysia (ILIM), Malaysian Franchise Association (MFA), Dewan Perniagaan Melayu Malaysia WP Putrajaya and Universiti Multimedia (MMU).

## Free training sessions on e-Lodgement organized by COMTRAC

A total of 14 e-Lodgement programmes were organized and attended by 600 participants who were mainly company secretaries and members of the public. These free programmes were conducted in Kuala Lumpur. Members of the public were also given the opportunity to learn about e-Lodgement at the respective SSM state offices.

## ATTAINING SUSTAINABILITY AT THE WORKPLACE

### Continuous staff development

SSM believes that the right people with the right set of competencies can drive high organizational performance. Employees' job obligations and Key Performance Indicators (KPIs) are balanced with human capital development towards upgrading their skills, knowledge and competencies. In 2009, a total of 137 training programmes were conducted which saw participation from 651 staff with a total investment of over RM1.15 million. The breakdown of the training investment expended is summarized below :

TYPE OF PROGRAMME	NO. OF PROGRAMMES	TOTAL COURSE FEE (RM)	ATTENDANCE				
			EXEC MGT	SENIOR MGT	MIDDLE MGT	EXECS	NON-EXECS
Overseas	11	68,179	5	4	13	5	0
Public	115	387,386	3	8	41	159	40
In-House	11	695,137	2	5	68	123	182
<b>TOTAL</b>	<b>137</b>	<b>1,150,702</b>	<b>10</b>	<b>17</b>	<b>122</b>	<b>287</b>	<b>222</b>

A total of 27 staff from different levels were sent overseas to attend programmes with the objective of exposing them to new and advanced concepts pertaining to various disciplines. The overseas programmes also included various trade and investment missions with MATRADE and MIDA to Australia, India, the United States and Singapore.

Apart from the public program, SSM staff were also sent for various in-house training programmes such as *Personal Development Programme*, *Intermediate Counseling Course*, *Succession Planning Programme*, *Middle Management Programme*, *Performance Enhancement Programme* and *Security Officer Programme*, *Pre-retirement Programme* and *Induction Programme 2009*.

SSM had also embarked on the Succession Planning Programme (SPP). SPP is aimed at identifying, and developing the right people for the right post at the right time in order to provide a continuous flow of skilled human resources in tandem with the organization's needs. A total of 40 staff with the potential for consideration as successors participated in the first stage of SPP conducted from 18-21 August 2009 in Swiss-Garden Golf Resort & Spa Damai Laut, Lumut Perak. For a start, the participants underwent a training module called '*The 7 elements of Executive Presence*' with the objective of preparing the selected candidates to be aware of their future roles which will call for a leadership and corporate mindset and emotional intelligence.



CHAPTER 5  
**SSM SECOND**  
STRATEGIC DIRECTION  
PLAN 2010 - 2014

**STAFF WORKSTATION**

# CHAPTER 5

## SSM SECOND

### STRATEGIC DIRECTION

### PLAN 2010 - 2014

SSM is of the firm conviction that its functions need to be carried out on a strategic and structured basis. The need for a clearly defined organizational parameter is paramount towards ensuring the effective implementation of the mandate vested in SSM. In 2009, SSM completed the formulation of its Second Strategic Direction Plan, a strategic 5-year organizational master framework to cater to the period between 1 January 2010 and 31 December 2014 (SDP II).

#### THE DEVELOPMENT OF SDP II

The development of SSM's SDP II comprised three major stages namely :

- (a) Carrying out an '*as is*' assessment on SSM as an organization
- (b) Conducting a '*visioning*' and prioritization exercise to determine the desired state of the organization by December 2014
- (c) Formulation of a new set of strategic organizational intent and identification of projects and initiatives to be carried out between January 2010 and December 2014

#### The '*as is*' assessment

The '*as is*' assessment included the identification of SSM's strengths and weaknesses in carrying out its functions since its establishment in April 2002. A '*snapshot*' on SSM's current state of affairs was gauged by assessing and determining *inter alia* :

- Effectiveness of the implementation of SSM's statutory functions
- SSM's achievements and weaknesses
- Success rate and progress of the First Strategic Direction Plan 2004 – 2008 (SDP I)
- Assessment of SSM's existing business processes, organizational structure and ICT infrastructure
- Internal and external perception analysis

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The 'as is' assessment is also a macro-analysis of existing and future trends in relation to the economy, business and socio-political landscapes. In relation to the future external environment, SSM has concluded that its future existence will be substantially influenced by the following factors:

(a) Global crisis

SSM acknowledges that the occurrence of various economic crises will change both the international and domestic business landscape. Just as the Wall Street Crash of 1929 had led to the Great Depression in the 1930s and the Asian financial crisis had led to better awareness of the need for better corporate governance and corporate transparency, the sub-prime mortgage crisis has been identified as posing a new form of challenge to SSM in the form of managing uncertainties. On a global scale, a number of economies had slipped into recession with uncertain recovery periods. The effect of the sub-prime mortgage crisis which originated in the United States had adversely affected the country's consumer spending, production and demand rate of products and services as well as impacted the employment rate. Managing the era of post sub-prime crisis will require a new approach on the part of SSM towards ensuring a sustainable economy amidst a business landscape dictated by variables and uncertainties.

In addition, SSM has also recognized the unconventional correlation between the various forms of environmental crises such as global warming, food shortages and the degradation of the state of environment in general and their effect on the business landscape. A new breed of business activities and paradigm shift pursuant to the public's awareness of such issues would require SSM to redefine its boundary pertaining to corporate governance to also include additional considerations such as business sustainability and corporate responsibility.

(b) Future business trends

SSM has identified three major forms of business trends which comprise the following:

- The existence of small and fragmented businesses which will dominate the business landscape in terms of quantity. These companies and businesses will leverage on their networking capabilities and will be focusing on specialization of the trade/services offered.
- The existence of large corporations in the form of multinationals, conglomerates and public listed companies, though far fewer in numbers, will possess significant influence on the business landscape.
- The existence of companies and businesses whose products, services and business operations will be driven by a high degree of responsibility to the society and the environment.

SSM, as such, must be able to respond to the needs of the three major forms of the aforesaid future business models, catering to the unique needs of each model.



(c) Effective workforce management

SSM has identified the need to be able to attract, retain and manage its workforce talent more effectively. In doing so, SSM's future workforce must be:

- sustainability focused;
- technologically enabled; and
- susceptible to an exciting and challenging work environment.

In creating the future workforce of the organization, SSM may have to:

- subscribe to greater work flexibility;
- develop a clear career development plan; and
- cater and provide personal coaching.

(d) ICT trends

SSM projects that the next five years will see a tremendous increase in ICT usage by the business and corporate sectors. There will be a higher Internet penetration rate as well as an increase in Internet and ICT literacy rates nationwide. In addition, SSM anticipates the growth of e-Transactions/e-Commerce. The demand for greater systems integration, convergence and functionality will simultaneously increase to cater for a new breed of tech savvy entrepreneurs, businessmen and executives.

### The '*visioning*' and prioritization exercise

The '*visioning*' exercise involved the identification of the future state of affairs of the organization taking into consideration the '*as is*' assessment as well as the potential business trends which may occur in the future. In addition, comparisons were made with other corporate registries in New Zealand, Australia, the United Kingdom, Singapore, Hong Kong and Ireland in relation to the following areas:

- Conducive regulatory framework and law reform
- Provision of corporate and business information
- Costs of starting a business
- Online lodgement and submission of accounts
- Real-time information
- Communication channels
- Customer satisfaction
- Inter-agency collaboration and coordination
- Compliance rate
- Number of procedures
- Processing time

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Various potential new areas were identified during the visioning process such as corporate responsibility, the setting up of SSM as a 'One-Stop' Business Centre and as an advisory service.

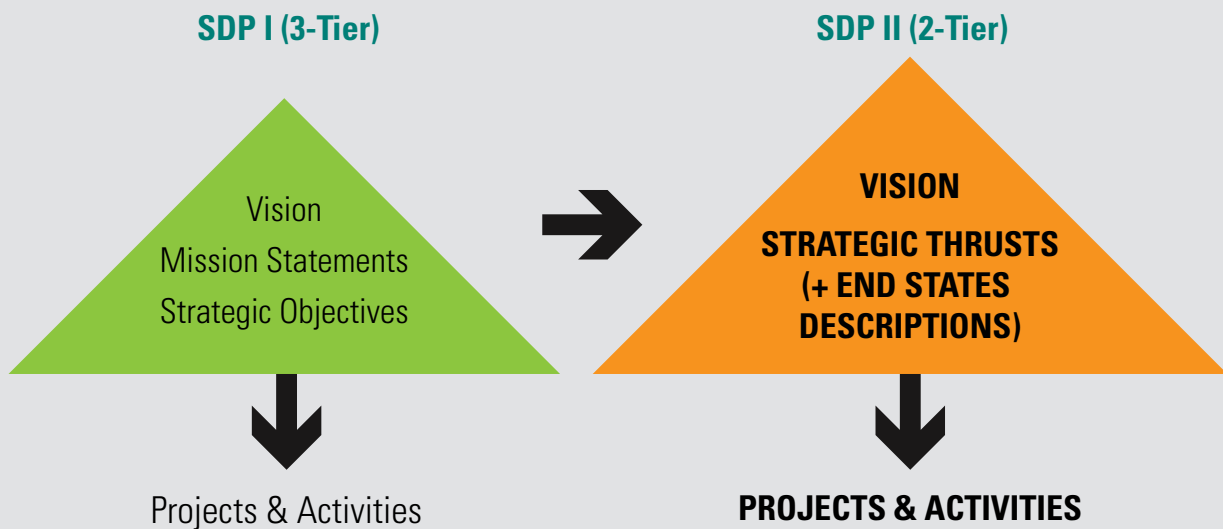
A prioritization matrix was also developed to identify the implementation timeframe of projects with SSM's nation building roles being placed at the apex of the consideration lists.

### Formulation of SSM's new strategic organizational intent

The overall structure of SSM's new strategic organizational intent has been reduced and simplified from the conventional three-tier structure to a two-tier structure which now comprises:

- (i) a vision statement; and
- (ii) 7 Strategic Thrusts (which exist alongside 21 End-State Descriptions).

The migration from a three-tier structure to a two-tier structure is aimed at facilitating SSM's employees' understanding of its new strategic organizational intent towards achieving the objectives of a shared vision.



Apart from simplifying the structure of SSM's strategic organizational intent, the organization's new vision statement has also been simplified to read as follows :


**'MEETING BUSINESS NEEDS THROUGH EFFECTIVE REGISTRATION,  
INFORMATION, REGULATION AND ADVICE'**


The new vision statement connotes SSM's commitment to meet the needs of the business and corporate community through operational excellence. The provision of a conducive platform for the incorporation of companies, registration of businesses, provision of corporate and business information as well as catering for a conducive corporate and business regulatory framework continue to be the mainstay of the operation and objectives of SSM. In addition, for the period between January 2010 and December 2014, SSM is set to embark on leveraging on the wealth of information it possesses by providing various forms of value-added advisory services.

**SSM's Strategic Thrusts and End-State Descriptions**

There are 7 Strategic Thrusts and 21 End-State Descriptions (ESD) arranged in the following structure :

NO.	STRATEGIC THRUSTS	END STATES DESCRIPTIONS			
1	Promoting and driving good governance to create a conducive and sustainable business environment	Driver of Corporate Responsibility	Leading Corporate Regulator	Ease of doing business	
2	Delivering innovative products and services to meet stakeholders needs	Advisory services	One-stop information portal	One-stop business centre	
		Effective promotion and marketing	Asset management	Continuous product innovation	
3	Providing superior service delivery through operational excellence	Efficient & effective organization		Financial sustainability	
4	Generating synergies through strategic collaborations	Successful Strategic Alliance		Global presence	
5	Evolving to a knowledge driven organization to develop competitive advantage	Business research centre	Knowledge hub	Renowned training centre	
6	Driving high performance culture through capacity and capability building	'Middle heavy' structure	High performance culture	Service oriented mindset	Robust talent management
7	Optimizing ICT to enhance efficiency, effectiveness and enterprise agility	Internal SLAs + embedded in other thrusts			

 Denotes new areas to be pursued by SSM in SDP II

 Denotes conventional areas to be pursued by SSM in SDP II

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The ESDs represent a mixture of both new areas and conventional pursuits by SSM which are still relevant and required towards meeting the challenges of the 21st century business and corporate landscape. The conventional pursuits have been carried out by SSM but require a fresh approach in terms of their execution and structure. At the same time, SSM will also be embarking on new areas and exploring new frontiers through the pursuit of new, contemporary and future-centric areas of concern such as corporate responsibility and business advisory, one-stop information portal, one-stop business centre, business research centre and *'Middle Heavy'* structure. The new areas explored are vital for ensuring the relevancy of SSM as a corporate regulator in the constantly evolving business and corporate environment.

(i) **Strategic Thrust 1** : Promoting and driving good governance to enhance a conducive business environment

Strategic Thrust 1 is focused on SSM's commitment to nation building which revolves around three key areas namely :

- Driving and promoting CR alongside good corporate governance amongst the corporate and business community. In this regard, SSM has been identified as possessing a strong and strategic role as a Registrar to drive CR and good business ethics as a culture amongst the corporate and business sector. Inter-agency and inter-organization collaboration has been identified as a key driver to achieve this objective.
- Playing an effective role as a corporate regulator towards creating a conducive and sustainable business environment. For this purpose, the enforcement activities need to be further enhanced through refinement, restructuring, communication and strategic execution of SSM's *'Balanced Enforcement'* approach. In addition, the corporate and regulatory structure must be further improved towards catering to the needs of the 21st century business environment.
- Facilitating the stakeholders in ease of doing business by initiating improvements in the regulatory regime, procedures and costs. This objective is concurrent with SSM's quest towards a conducive business environment and making Malaysia an attractive destination for the conduct of business.

(ii) **Strategic Thrust 2** : Delivering innovative products and services to meet stakeholder needs

Strategic Thrust 2 is customer-centric towards developing innovative products and services to enhance stakeholder value proposition. SSM's customer orientation will be focused on :

- Providing advisory service to the corporate and business community. The advisory function will change the image of SSM from being a conventional registrar, regulator and enforcer of corporate and business laws to that of a *'business nurturer'*, leveraging on the existing wealth of corporate and business information currently residing within SSM's database.
- Developing *'One-Stop Information Portal'* to cater to the needs of the corporate and business community towards making informed business decisions. By doing so, SSM seeks to inculcate the culture of conducting due diligence amongst the corporate and business community.

- Developing SSM as a *'One-Stop Business Centre'* to facilitate stakeholder entry into business. SSM will collaborate with various agencies towards consolidating and reconciling fundamental regulatory and policy requirements and leveraging on SSM's function as the point of entry into business.
- Transforming SSM into an effective organization with credible promotional, marketing and asset management functions. Further, the next generation of products and services must be developed within the framework of innovation. The development of an innovation culture across the organization is important towards realizing this objective.

(iii) **Strategic Thrust 3** : Providing superior service delivery through operational excellence

Strategic Thrust 3 seeks to enhance SSM's existing conventional functions towards achieving greater efficiency and effectiveness. The catalyst towards achieving this objective is a comprehensive organization transformation programme incorporating global best practices and financial governance.

(iv) **Strategic Thrust 4** : Generating synergies through strategic collaboration

Strategic Thrust 4 seeks to leverage on existing and new collaboration efforts with other regulatory agencies, Government agencies and the private sector. As SDP II relies heavily upon inter-agency/organization collaborations, SSM has identified the need for a strategic and effective stakeholder management framework to manage alliances. By doing so, SSM aims to position itself as a leading corporate regulator not only within the domestic geographical boundary but also internationally.

(v) **Strategic Thrust 5** : Evolving to a knowledge driven organization to develop competitive advantage

Strategic Thrust 5 seeks to transform SSM into a knowledge-based organization consistent with the Government's aspiration to drive a knowledge-based economy. Strategic Thrust 5 as such aims to make SSM a centre of corporate and business information which entails the development of a knowledge hub. The SSM Training Academy (COMTRAC) is envisaged to play an important role in achieving this objective.

(vi) **Strategic Thrust 6** : Driving a high performance culture through capacity and capability building

Strategic Thrust 6 seeks to introduce initiatives towards sustainable and effective organizational human capital management. The development of a sustainable work force entails the adoption of a *'Middle-Heavy'* structure concept through the creation of more middle management and executive positions as opposed to administrative staff. Strategic Thrust 6 is intrinsic in nature involving the development of a high performance culture amongst SSM staff which is balanced with a merit-based reward scheme. SSM has also identified the need for its staff to migrate to a more service-oriented and customer-centric approach. To achieve all the above, a robust talent management module is required to attract, retain and develop talents within the organization.



(vii) **Strategic Thrust 7** : Optimizing ICT to enhance efficiency, effectiveness and enterprise agility

Under Strategic Thrust 6, the ICT has been identified as an important enabler towards realizing the objectives and projects identified in all the strategic thrusts mentioned. This is because almost all the projects identified would be ICT-based. It entails the need for new system development, procurement, replacement as well as enhancement. The ICT as such can be regarded as the fourth enabler, co-existing with the elements of human capital, sound administration and financial capability.

**Projects and activities to be carried out by SSM under SDP II**

SSM has identified a total of 54 projects to be carried out within the period of 5 years beginning 1 January 2010 to 31 December 2014 towards realizing the ESDs. The implementation of such projects however will not commence simultaneously pursuant to the conclusions reached during the prioritization exercise. Projects which possess high importance to the country and economy have been given priority for commencement. These principally refer to projects which possess high significance in terms of nation building. The projects, their respective main components and estimated timelines are as described below:

**Strategic Thrust 1**

ESD - DRIVER OF CORPORATE RESPONSIBILITY											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>GOV 1</b>	<b>Develop CR strategy for SSM</b>										
<ul style="list-style-type: none"> <li>The setting up of a dedicated corporate responsibility function in SSM</li> <li>Refinement of strategies, framework and objectives towards complementing the SSM Corporate Responsibility Agenda - GOV2, GOV3 and COL8</li> </ul>											
<b>GOV 2</b>	<b>Stakeholders engagement framework</b>										
<ul style="list-style-type: none"> <li>Formulation of a detailed and scheduled stakeholders engagement framework for collaborations and promotions of CR - to be consolidated into GOV1</li> </ul>											
<b>GOV 3</b>	<b>Corporate Advocator of CR and ethics</b>										
<ul style="list-style-type: none"> <li>Implementation of scheduled activities towards promoting CR amongst companies and businesses in Malaysia</li> </ul>											

**ESD - LEADING CORPORATE REGULATOR**

CODE	PROJECTS	2010		2011		2012		2013		2014	
		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>GOV 4</b>	<b>Scheduled-based enforcement</b>										
<ul style="list-style-type: none"> <li>Development of enforcement schedule towards achieving a structured and coordinated enforcement of activities</li> <li>Standardization of enforcement processes</li> <li>Internal and external collaborations</li> <li>Training and development of enforcement officers</li> <li>Core system transformation</li> <li>Development of SSM's Electronic Case Management System (ECM)</li> </ul>											
<b>GOV 5</b>	<b>Balanced Enforcement</b>										
<ul style="list-style-type: none"> <li>Refinement of SSM's 'Balance Enforcement' philosophy towards achieving voluntary compliance</li> <li>Review and refinement of work processes related to enforcement</li> <li>Awareness programme and education to the public</li> </ul>											
<b>GOV 6</b>	<b>Consistent compliance rate of 95%</b>										
<ul style="list-style-type: none"> <li>Achieving 95% compliance rate by 2014 - towards achieving the culture of voluntary compliance</li> </ul>											
<b>GOV 7</b>	<b>Gradual reduction in compounds issued, complaints lodged, investigation papers opened and prosecution action</b>										
<ul style="list-style-type: none"> <li>Development of scheduled-based framework</li> <li>Refinement of SSM's 'Balanced Enforcement' concept</li> <li>Internal and external collaborations</li> <li>Public education and awareness</li> <li>Enhanced reminder service</li> <li>Change management programme</li> <li>Monitoring of compliance and managing alliance</li> </ul>											
<b>GOV 8</b>	<b>Real-time enforcement database</b>										
<ul style="list-style-type: none"> <li>Formulation of framework for a real-time centralised repository for enforcement data, information and knowledge to enable information sharing within SSM's enforcement components</li> <li>Transformation of core system</li> <li>Development of Enterprise Transactional Portal (ETP)</li> </ul>											
<b>GOV 9</b>	<b>Electronic/automated compliance monitoring</b>										
<ul style="list-style-type: none"> <li>Definition of functional requirements and transformation of core system</li> <li>System enhancement/development - towards minimizing manual/administrative processes</li> </ul>											
<b>GOV 10</b>	<b>Enhanced reminder service</b>										
<ul style="list-style-type: none"> <li>Determination of the scope of reminder service enhancements - automatic generation of reminders to companies, businesses and company secretaries on periodical/occasional legislative requirements</li> <li>Capacity and capability development</li> <li>System enhancement/development</li> <li>Publicity and promotional activities</li> </ul>											
<b>GOV11</b>	<b>Fair regulatory philosophy</b>										
<ul style="list-style-type: none"> <li>Conduct review and study of the existing state of SSM's regulatory philosophy</li> <li>Realignment of the new philosophy and existing framework towards instilling 'fair and just' values in enforcement and enhancing SSM's image as a fair regulator</li> <li>Communication on changes</li> <li>Review of KPI</li> <li>Implementation of change management programme</li> </ul>											
<b>GOV12</b>	<b>Dynamic legal framework</b>										
<ul style="list-style-type: none"> <li>Restructuring of SSM's Law Reform &amp; Networking Section</li> <li>Review of existing legislations and introduction of a new legal framework</li> </ul>											

**ESD - EASE OF DOING BUSINESS**

CODE	PROJECTS	2010		2011		2012		2013		2014	
		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
	TIMELINE										
<b>GOV 13</b>	<b>XBRL as a nationwide format</b>										
	<ul style="list-style-type: none"> <li>• Setting up of a dedicated team for the XBRL project to conduct feasibility and viability studies - toward enabling inter organization information transfer through seamless ICT solutions</li> <li>• Making assessment and recommendation</li> <li>• Appointment of a consultant</li> <li>• Determination of the XBRL framework and system requirements</li> <li>• System development for the XBRL</li> <li>• Internal capacity and capability building</li> <li>• Awareness and publicity</li> </ul>										
<b>GOV 14</b>	<b>80% up take of channels</b>										
	<ul style="list-style-type: none"> <li>• Strategy development</li> <li>• System development/upgrade</li> <li>• Introduction of mandatory e-Services (e.g., e-Lodgement)</li> <li>• Awareness and publicity</li> <li>• Periodical reporting</li> </ul>										
<b>GOV 15</b>	<b>Fee restructuring</b>										
	<ul style="list-style-type: none"> <li>• Conducting study on SSM's current price structure and development of a new pricing model</li> <li>• Review and amendment of the relevant provisions</li> <li>• Publicity and awareness</li> </ul>										
<b>GOV 16</b>	<b>Competitively priced e-Services</b>										
	<ul style="list-style-type: none"> <li>• Conducting study on SSM's current price structure and development of a new pricing model</li> <li>• Review and amendment of the relevant provisions</li> <li>• Publicity and awareness</li> </ul>										

## Strategic Thrust 2

ESD - LEADING CORPORATE REGULATOR											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>PS 1</b>	<b>Registration advice</b>										
<ul style="list-style-type: none"> <li>• Conduct understudy, design and build the new service</li> <li>• Refinement of legislative framework (if required)</li> <li>• Internal capability and capacity building - towards the 'Middle-Heavy' structure</li> <li>• Publicity and awareness</li> </ul>											
<b>PS 2</b>	<b>Foreign advisory services</b>										
<ul style="list-style-type: none"> <li>• Conduct understudy, design and build the new service</li> <li>• Refinement of legislative framework (if required)</li> <li>• Internal capability and capacity building - towards the 'Middle-Heavy' structure</li> <li>• Publicity and awareness</li> </ul>											
<b>PS 3</b>	<b>Information advisory services</b>										
<ul style="list-style-type: none"> <li>• Development of information advisory framework</li> <li>• Review and change relevant legislations</li> <li>• Development of the Enterprise Transactional Portal</li> <li>• JV with selected strategic partners</li> <li>• Internal capacity and capability building</li> <li>• Establishment of advisory function</li> <li>• Publicity and awareness</li> </ul>											
<b>PS 4</b>	<b>Business plan advisory</b>										
<ul style="list-style-type: none"> <li>• Development of business plan advisory framework</li> <li>• Review and change relevant legislations</li> <li>• Development of the Enterprise Transactional Portal</li> <li>• JV with selected strategic partners</li> <li>• Internal capacity and capability building</li> <li>• Establishment of advisory function</li> <li>• Publicity and awareness</li> </ul>											
<b>PS 5</b>	<b>Business mentoring</b>										
<ul style="list-style-type: none"> <li>• Development of business mentoring advisory framework</li> <li>• Review and change relevant legislations</li> <li>• Development of the Enterprise Transactional Portal</li> <li>• JV with selected strategic partners</li> <li>• Internal capacity and capability building</li> <li>• Establishment of advisory function</li> <li>• Publicity and awareness</li> </ul>											

ESD - ONE STOP BUSINESS CENTRE											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>PS 7</b>	<b>One stop business centre</b>										
<ul style="list-style-type: none"> <li>• Conduct feasibility study</li> <li>• Form strategic alliance with the identified stakeholders</li> <li>• Development of infrastructure and amendment of the relevant legal provisions (if any)</li> <li>• Internal capacity and capability building</li> <li>• Publicity and awareness</li> </ul>											

ESD - LEADING CORPORATE REGULATOR											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>PS 8</b>	<b>High profile and awareness of SSM</b>										
<ul style="list-style-type: none"> <li>Establishment of a dedicated marketing team</li> <li>Definition of marketing and branding parameters</li> <li>Development of marketing strategies</li> <li>Media engagements and inter-agency collaborations</li> </ul>											
<b>PS 9</b>	<b>Outbound call centre</b>										
<ul style="list-style-type: none"> <li>Setting-up and implementation of a basic call centre</li> <li>Enhancement towards the establishment of an outbound call centre</li> </ul>											

ESD - ASSET MANAGEMENT											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>PS 10</b>	<b>Enhanced asset management functions</b>										
<ul style="list-style-type: none"> <li>Research and legislative study on asset management functions</li> <li>Review of existing process for asset liquidation and identification of new areas for improvement</li> <li>Development of a new asset management framework</li> </ul>											

ESD - CONTINUOUS PRODUCT INNOVATION											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>PS 11</b>	<b>Develop innovation framework</b>										
<ul style="list-style-type: none"> <li>Conduct feasibility study</li> <li>'As Is' review and 'To Be' design</li> <li>Development of innovation framework and infrastructure</li> <li>Generation and implementation of ideas</li> </ul>											

### Strategic Thrust 3

ESD - EFFICIENT AND EFFECTIVE ORGANIZATION											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>OE 1</b>	<b>Organization Transformation Programme</b>										
<ul style="list-style-type: none"> <li>Appointment of consultant</li> <li>'As Is' review on process, people, organizational structure and technology</li> <li>'To Be' review on process, people, organizational structure and technology</li> <li>Redesign of organizational structure, grading structure, reward structure, competency framework</li> </ul>											
<b>OE 2</b>	<b>Reliable &amp; Accurate Information</b>										
<ul style="list-style-type: none"> <li>'As Is' and 'To Be' assessment</li> <li>Redesign of process and technology</li> <li>Transformation of core system</li> </ul>											



ESD - FINANCIAL SUSTAINABILITY											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>OE 3</b>	<b>Effective cost management</b>										
<ul style="list-style-type: none"> <li>• Appointment of consultant *</li> <li>• Cost landscape and cost management practice review</li> <li>• Comparative analysis, identification of cost gaps and development of a new cost model</li> <li>• Establishment of costs sustainability framework and implementation of cost sustainability</li> <li>• Process and technology review</li> </ul>											
<b>OE 4</b>	<b>Sound budget allocation</b>										
<ul style="list-style-type: none"> <li>• Appointment of consultant *</li> <li>• Assessment of current budgeting process</li> <li>• Design new budgeting process</li> <li>• System and process development</li> </ul>											
<b>OE 5</b>	<b>Asset/property management program</b>										
<ul style="list-style-type: none"> <li>• Conduct benchmarking and 'As Is' assessment</li> <li>• Establishment of asset/property management programme</li> </ul>											

#### Strategic Thrust 4

ESD - LEADING CORPORATE REGULATOR											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>COL 1</b>	<b>Collaborative regulatory initiatives</b>										
<ul style="list-style-type: none"> <li>• 'As Is' assessment</li> <li>• Formulation of collaboration framework</li> <li>• Definition of alliance objectives and engagement of strategic partners</li> <li>• To be fused together with One Stop Information Portal, Scheduled-Based Enforcement and Real Time Enforcement Database</li> <li>• Joint enforcement, training and information sharing with strategic organizations</li> </ul>											
<b>COL 2</b>	<b>Online verification of information</b>										
<ul style="list-style-type: none"> <li>• Formulation of framework - define parameter of project and alliance objectives</li> <li>• Engagement with strategic partners and negotiations</li> <li>• Assessment of existing legal framework (and making recommendations therefrom if amendments are required)</li> <li>• Development of ICT infrastructure</li> <li>• Alliance management</li> </ul>											
<b>COL 3</b>	<b>Dedicated alliance function</b>										
<ul style="list-style-type: none"> <li>• Enhancement of SSM's alliance functions - redefine the roles, structure, required competencies etc.</li> </ul>											
<b>COL 4</b>	<b>JVs to educate the public</b>										
<ul style="list-style-type: none"> <li>• Formulation of a strategic framework</li> <li>• Identification of key strategic partners and engagement of such partners</li> <li>• Alliance management</li> </ul>											
<b>COL 5</b>	<b>Inter-organization knowledge transfer</b>										
<ul style="list-style-type: none"> <li>• Formulation of framework</li> <li>• Identification of relevant knowledge areas and knowledge gaps</li> <li>• Identification of key strategic partners and engagement of such partners</li> <li>• Development of an effective knowledge management platform</li> <li>• Alliance management</li> </ul>											

ESD - GLOBAL PRESENCE											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>COL 6</b>	<b>Cross border arrangements</b>										
<ul style="list-style-type: none"> <li>• Formulation of framework</li> <li>• Identification of key strategic partners</li> <li>• Development of business case</li> <li>• Engagement of strategic stakeholders (domestic and foreign)</li> <li>• Amendment/introduction of relevant legal framework</li> <li>• Alliance management</li> </ul>											
<b>COL 7</b>	<b>Promote doing business in Malaysia</b>										
<ul style="list-style-type: none"> <li>• Formulation of framework</li> <li>• Identification and engagement of strategic partners</li> <li>• Alliance management</li> </ul>											
<b>COL 8</b>	<b>JV to promote CR</b>										
<ul style="list-style-type: none"> <li>• Formulation of framework (to be incorporated into GOV1)</li> <li>• Identification and engagement of strategic partners/international organizations</li> <li>• Alliance management</li> </ul>											

### Strategic Thrust 5

ESD - BUSINESS RESEARCH CENTRE											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>KDO 1</b>	<b>Reputable thought leadership</b>										
<ul style="list-style-type: none"> <li>• Formulation of framework</li> <li>• Development of Subject Matter Experts</li> <li>• Development of Knowledge Management Platform</li> <li>• Collaboration with selected research centres</li> <li>• Establishment and development of in-house thought leadership</li> <li>• Publicity and Awareness</li> </ul>											
<b>KDO 2</b>	<b>Provide assistance on National Policy Making</b>										
<ul style="list-style-type: none"> <li>• Review on SSM's existing involvement in national policies and policy making</li> <li>• Fusion with SSM's Organizational Transformation Programme and Development of SME's</li> <li>• Capacity and capability building</li> <li>• Inter-agency collaborations</li> <li>• Development of a business research centre</li> <li>• Policy development</li> </ul>											

ESD - KNOWLEDGE HUB											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>KDO 3</b>	<b>Provide e-learning to SSM staff</b>										
<ul style="list-style-type: none"> <li>• Development of system and module to enable e-Learning</li> <li>• Capacity and capability building</li> </ul>											
<b>KDO 4</b>	<b>Provide e-learning to SSM stakeholders</b>										
<ul style="list-style-type: none"> <li>• Development of system and module to enable e-Learning</li> <li>• Capacity and capability building</li> <li>• Publicity and awareness</li> </ul>											
<b>KDO 5</b>	<b>Effective knowledge management platforms</b>										
<ul style="list-style-type: none"> <li>• Development of Knowledge Management framework</li> <li>• Development of Knowledge Management platform</li> <li>• Capacity and capability building</li> </ul>											
<b>KDO 6</b>	<b>Knowledge sharing culture</b>										
<ul style="list-style-type: none"> <li>• Development of Knowledge Sharing framework</li> <li>• Implementation of Knowledge Sharing initiative</li> <li>• KPI review</li> <li>• Change Management Programme - Knowledge Sharing Culture</li> </ul>											

ESD - RENOWNED TRAINING CENTRE											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>KDO 7</b>	<b>Renowned training centre</b>										
<ul style="list-style-type: none"> <li>• Development of a framework towards becoming a renowned training centre</li> <li>• Strategic collaborations</li> <li>• Development of reputable training modules for foreign and domestic courses</li> <li>• Well-regarded international conferences and seminars</li> <li>• Capacity and capability building</li> <li>• Publicity and promotional activities</li> </ul>											

### Strategic Thrust 6

ESD - 'MIDDLE HEAVY' STRUCTURE											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>HCC 1</b>	<b>Reputable thought leadership</b>										
<ul style="list-style-type: none"> <li>• Redesigning of organizational structure</li> <li>• Development of new grading structure, rewards structure, competency framework</li> <li>• Manpower review</li> <li>• Capacity and capability building</li> </ul>											

ESD - HIGH PERFORMANCE CULTURE WITH MERIT-BASED REWARD											
CODE	PROJECTS	2010		2011		2012		2013		2014	
	TIMELINE	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>HCC 2</b>	<b>Performance oriented workforce</b>										
<ul style="list-style-type: none"> <li>• Appointment of consultant *</li> <li>• Review of competency, KPI structure and PCMS structure</li> <li>• Capacity and capability building</li> </ul>											

ESD - SERVICE ORIENTED MINDSET											
CODE	PROJECTS	2010		2011		2012		2013		2014	
	TIMELINE	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>HCC 3</b>	<b>Service oriented / customer centric mindset</b>										
<ul style="list-style-type: none"> <li>• Enhancement of customer support functions</li> <li>• Review of Competency, KPI structure and PCMS structure</li> <li>• Capacity and capability building</li> <li>• Change Management Programme - Service Oriented Mindset</li> </ul>											
<b>HCC 4</b>	<b>Achieve high customer satisfaction</b>										
<ul style="list-style-type: none"> <li>• Development and conducting customer satisfaction survey</li> <li>• Analysis of customer satisfaction survey results</li> <li>• Identification of gaps and review of KPIs</li> <li>• Introduction of new organization-wide KPIs</li> </ul>											

ESD - ROBUST TALENT MANAGEMENT											
CODE	PROJECTS	2010		2011		2012		2013		2014	
	TIMELINE	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>HCC 5</b>	<b>Retain and attract talent</b>										
<ul style="list-style-type: none"> <li>• Appointment of consultant *</li> <li>• Development of talent management framework</li> <li>• Development of talent development planning</li> <li>• Reward review</li> <li>• Collaboration for secondments</li> </ul>											
<b>HCC 6</b>	<b>Build subject matter experts</b>										
<ul style="list-style-type: none"> <li>• Benchmarking on the best practices for building Subject Matter Experts</li> <li>• Identification of subject matter experts and competency gaps</li> <li>• Development of subject matter experts</li> <li>• Integration of SSM's Subject Matter Experts into the organization</li> </ul>											

### Strategic Thrust 7

ESD - BUSINESS RESEARCH CENTRE											
CODE	PROJECTS	2010		2011		2012		2013		2014	
TIMELINE		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
<b>ICT 1</b>	<b>Internal SLAs between users and ICTD</b>										
<ul style="list-style-type: none"> <li>• Core System transformation</li> <li>• Enterprise Gateway</li> <li>• MyCoLD</li> <li>• XBRL</li> <li>• System integration with Labuan FSA and Bank Simpanan Nasional</li> <li>• Online information verification</li> <li>• Cross border arrangements - system integration</li> <li>• Development of a system for LLP</li> <li>• CSI</li> </ul>											

\*Subject to the approval from the Commission Members

 Denotes 'Quick Win' projects

Seven projects have been identified as 'Quick Wins' requiring a relatively rapid implementation route and completion. These are considered as high impact projects which will significantly assist SSM in meeting the desired end-states. The implementation of the 'Quick Wins' commenced in August 2009 and are scheduled to be completed by end of May 2010. The 'Quick Wins' are :

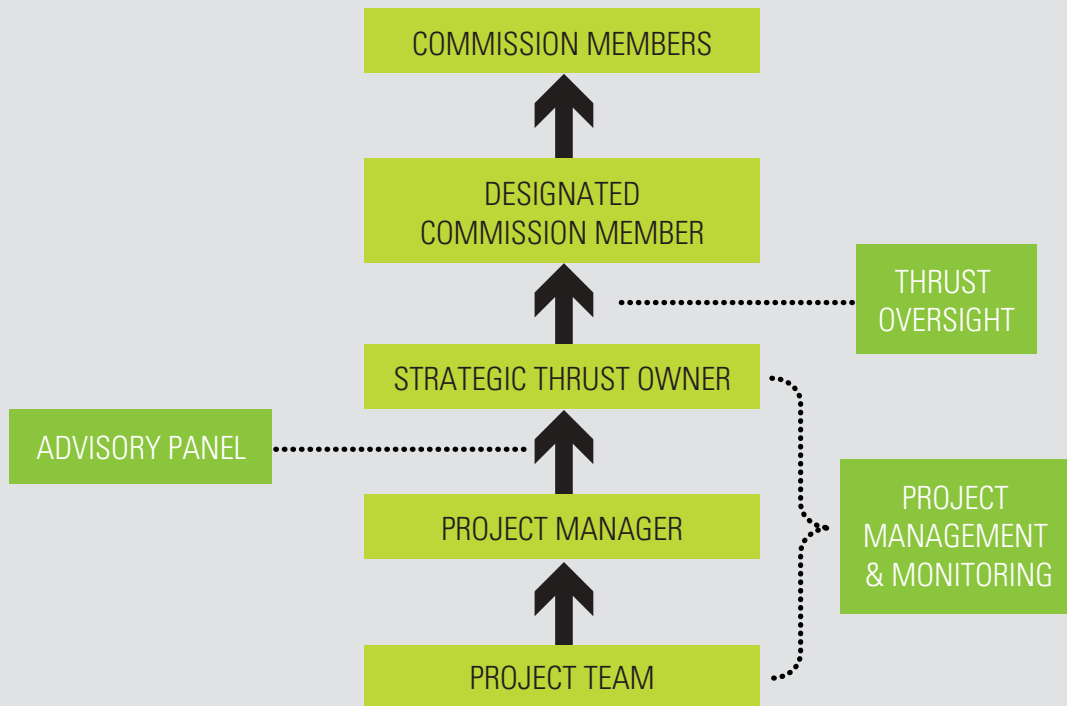
- GOV1 – The development of CR strategy for SSM
- GOV2 – Stakeholder engagement framework
- GOV3 – Scheduled-based enforcement
- OE5 – Asset/property management framework
- COL4 – Joint venture to educate the public
- COL7 – Promote doing business in Malaysia
- KD03 – Provide e-Learning to SSM staff



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## Implementation governance

SSM considers the aspect of governance to be paramount to the implementation of the projects under SDP II. The requirement for governance entails the need for a good implementation structure, monitoring and reporting, disclosure, transparency, collaboration, guidance and leadership. In realizing the importance of implementation governance, SSM has introduced a clear line of communication as well as an advisory and support system to expedite the decision making process and implementation. The implementation governance structure of the SDP II may be described as follows :



### (i) SSM Commission Members

- Endorsement of the SDP II document – the SDP II was tabled and endorsed by the Commission Members on 18 August 2009 as a general roadmap to cater for SSM’s projects and activities for the period between 1 January 2010 and 31 December 2014.
- SSM will table a half-yearly report on the progress implementation of SDP II to the Commission Members

### (ii) Designated Commission Member

- A designated Commission Member will be assigned to ‘adopt’ one Strategic Thrust each and provide general guidance and advisory to the Strategic Thrust owners.
- In addition, the designated Commission Member will also assist in facilitating the engagements with external parties, attend to quarterly updates or as and when required promote SSM’s efforts and initiatives.

(iii) Thrust oversight

- The Chief Executive Officer (CEO), Deputy CEOs and the Senior Director of Enforcement will oversee the implementation of the projects and provide guidance and direction to the Strategic Thrust Owners towards achieving the identified milestones of the Strategic Thrusts.
- The Thrust oversight is also responsible for reviewing and endorsing all changes to the project approach, components and human capital composition as well as supporting the communication programmes.
- Two Thrust overseers are assigned to each strategic thrust.

(iv) Advisory panel

- The members of the advisory panel comprise the relevant Heads of Divisions. Their task is to provide advice on the implementation aspects of the projects under SDP II as and when required. The Thrust owners and project managers can also leverage on the expertise of the pool of advisers towards ensuring effective implementation of the projects.

(v) Strategic Thrust owners

- The Strategic Thrust owners who comprise the various Heads of Divisions (HODs) are the key enablers of the respective Strategic Thrusts assigned to them. They must possess excellent understanding of the Strategic Thrusts assigned to them to enable effective coordination of the implementation of the various projects.
- The Strategic Thrust Owners are also responsible for managing the budget allocated and establishing the project teams to carry out the projects parked under a particular Strategic Thrust. In addition, they will also provide guidance and leadership in addition to monitoring the progress of the projects.

(vi) Project managers

- The project managers will manage the day-to-day aspect of the projects. They will also be responsible for highlighting the budgetary needs, human capital requirements as well as other resources towards ensuring successful implementation of the projects assigned. The project managers are selected from amongst the Senior Managers and Managers in SSM. They are at the forefront of formulating the project plan and ensuring that the project milestones and deliverables for the 54 key projects are achieved.

(vii) Project management and monitoring

- The Project Management and Monitoring Office will monitor and guide the implementation of all projects. In addition, they will produce periodical reports to the Executive Management and Commission Members.



# CHAPTER 6

## SSM KEY STATISTICS AND ANALYSIS



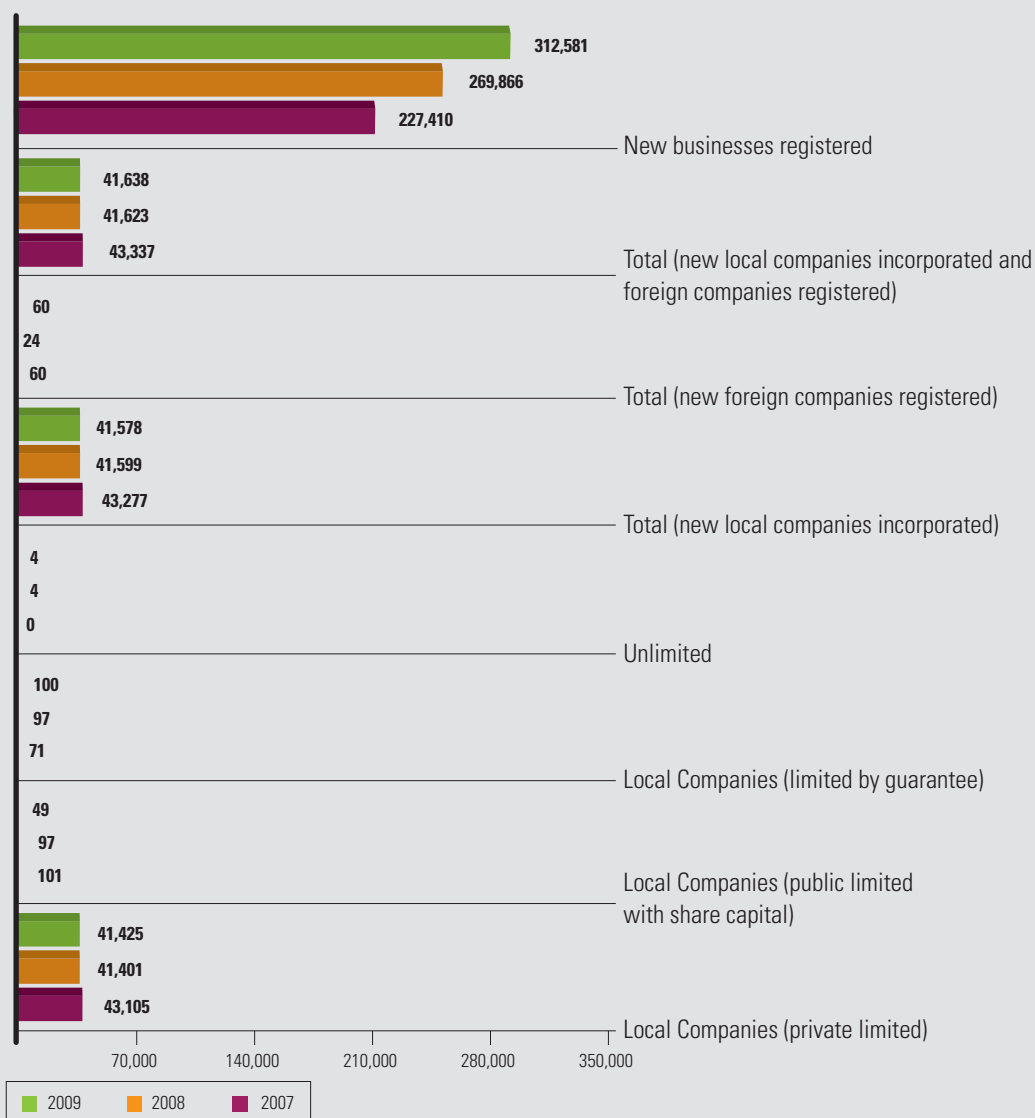
MAIN LOBBY

# CHAPTER 6

## SSM KEY STATISTICS AND ANALYSIS

### 1. INCORPORATION OF NEW COMPANIES AND REGISTRATION OF NEW BUSINESSES

**Incorporation/Registration of New Companies & Businesses**



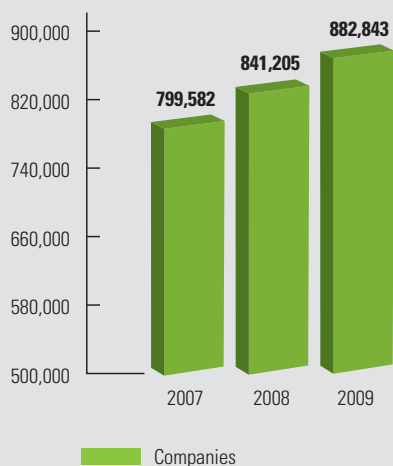
The incorporation of new local companies dropped marginally by 0.05% compared with 2008 despite the difficult economic conditions in the first nine months of 2009. Total new incorporations in the first three quarters declined by 8% as the nation's economy contracted by 3.7% during the same period, but recovered strongly with a 30% increase when the economy grew by 4.5% in the fourth quarter. SSM's temporary reduction of the incorporation fees had served to incentivise the formation of new companies to participate in the various domestic economic activities pursuant to the Government's RM67 billion economic stimulus package.

With regard to the registration of foreign companies, a total of 60 foreign companies were registered with SSM in 2009 compared to 24 in 2008, representing an increase by 150%. The increase is consistent with the gradual strengthening of the country's economy as more foreign corporations are confident of registering their presence and spread their operations to Malaysia.

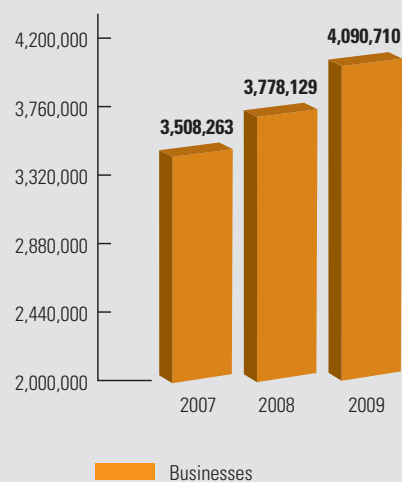
Registration of new businesses in 2009 continued to record a double digit growth of 15.8% year-on-year in spite of the economic contraction. This is chiefly due to the incentive provided by SSM in the form of a temporary reduction in fees for the registration of new businesses. The temporary reduction in fees is further augmented with SSM's relentless outreach programmes carried out in promoting and facilitating the registration of businesses, namely the Business Registration Mobile Counters (BRMC).

The overall total number of companies incorporated and businesses registered as at 31 December 2009 stands as follows :

**Registered companies in the register at 31 December**



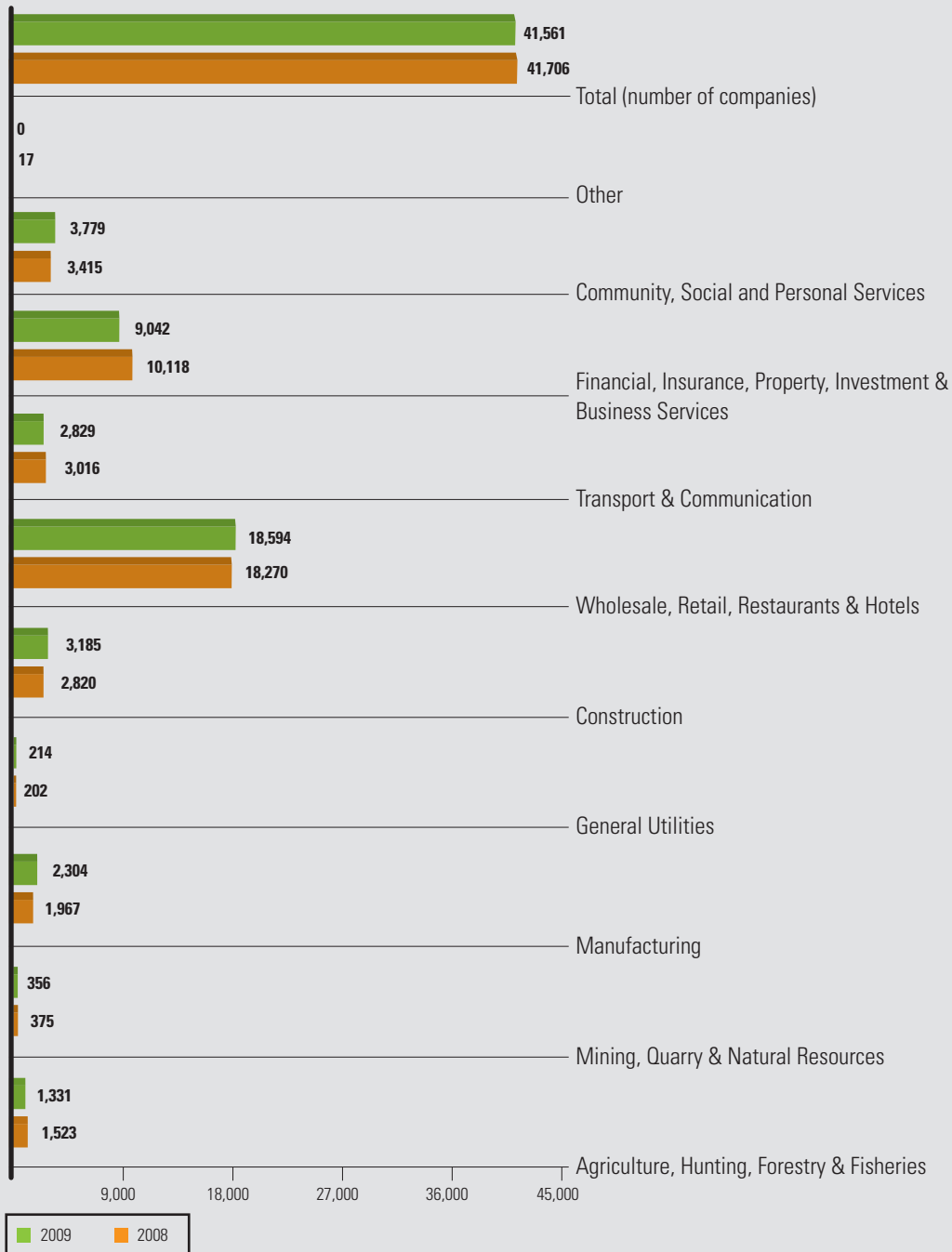
**Registered businesses in the register at 31 December**





## 2. SECTORAL ANALYSIS

### Companies Registered According to Category of Business



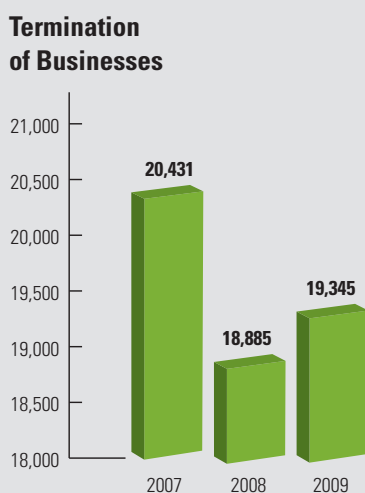
The services sector, a key contributor to nation's GDP growth and employment, recorded the highest number of companies incorporated in 2009 led by the wholesale, retail, restaurant & hotel sub-sector (44.7%) and the financial, insurance, property, investment and business services sub-sector sector (21.7%).

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The contraction of 1.7% in GDP in 2009 had resulted in a decline in registration of new of companies in some key sectors. The services sector dropped by 2.6% while transport sector and mining sectors fell by 6.2% and 5.1% respectively. However, the number of companies incorporated in the construction and the manufacturing sectors rose unexpectedly by 12.9% and 17.1% respectively. The was largely due to the spending on infrastructure projects under the Government’s economic stimulus packages and other measures undertaken by the Government to strengthen the domestic economy which had directly benefited the construction industry.

The low commodity prizes for agricultural products such as palm oil and rubber during 2009 had resulted in a drop in the number of new companies registered in the agriculture sector by 12.6%. The rise of new incorporation in the agriculture sector was only experienced in the last quarter of 2009 when agriculture-based commodity prices started to improve.

### 3. TERMINATION OF BUSINESSES – SOLE PROPRIETORSHIPS AND PARTNERSHIPS



The number of businesses terminated in 2009 increased by 460 or 2.4% compared to last year but the increase is rather insignificant compared to an increase of 42,715 or 15.8% in new business registrations over the same period.

The increase in termination of businesses could be attributed to a few reasons. Many who were laid off and had temporarily ventured into small businesses during the period of economic slowdown in the earlier part of the year had ceased their businesses upon securing new employment later in the year. Others had shifted to other types of business activities as more new business opportunities arose when the economy recovered in the second half of 2009.

In addition, the 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.

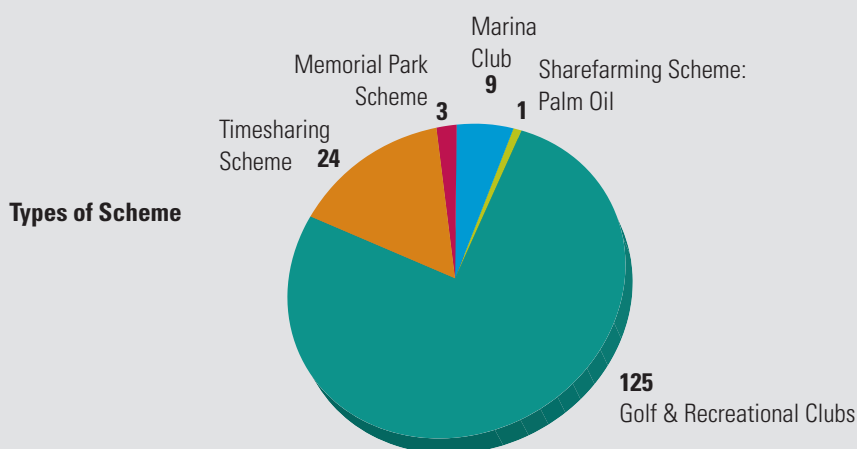
#### 4. WINDING UP AND STRIKING-OFF OF COMPANIES

YEAR	2007	2008	2009
Companies wound up	1,276	1,450	2,013
Companies struck off under section 308 of the Companies Act 1965	13,668	26,542	37,062

Consequent to the economic contraction in 2009, especially in the first half of the year when the nation had technically entered into recession, more companies went into liquidation compared to a year ago. The number of companies liquidated during the year rose 39% year-on-year. However, the number of liquidations was relatively small compared to the total number of active companies existing in SSM's register, which stood at 408,329 companies as at 31 December 2009.

2009 also saw a marked increase of 39.6% in the number of companies being struck off under section 308 of the Companies Act 1965. This was pursuant to the re-introduction of the moratorium period which encouraged members of the public to strike off dormant companies from 1 April to 31 December 2009.

#### 5. INTEREST SCHEME



As of 31 December 2009, there were a total of 162 interest schemes registered with SSM, the majority of which are in the form of golf and recreational clubs (77%) followed by time-sharing schemes (15%).

There were two (2) new interest schemes registered in 2009 compared to none in 2008.

TYPES OF INTEREST SCHEMES		2007	2008	2009
Golf & Recreational Club (GR)	GR	70	70	71
	GR(S)	19	19	19
Recreational Club (R)	R	31	31	32
	R(S)	3	3	3
Marina		9	9	9
Memorial Park		3	3	3
Timesharing Scheme		24	24	24
Share farming Scheme		1	1	1
<b>TOTAL</b>		<b>160</b>	<b>160</b>	<b>162</b>

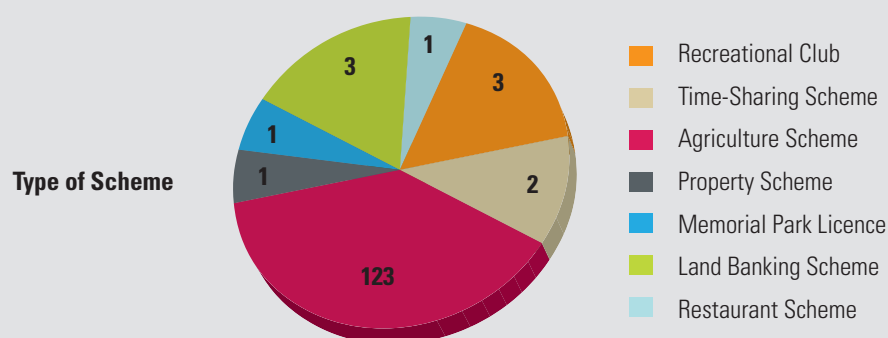
\* (S) - Share

Registration of new interest schemes is set to rise significantly in the next and coming years as SSM will intensify its promotional campaign in the next year. The low number of companies involved in the registration of interest schemes is mainly due to the lack of awareness of the immense business opportunities and potentials residing in such business model such as agriculture, horticulture, aquaculture and livestock breeding.

In view of this, SSM had embarked on a series of awareness campaigns during the year to promote the interest scheme business model. These included:

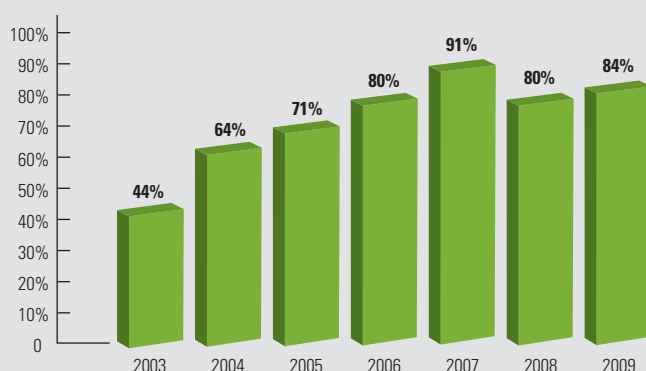
- holding seminars on interest schemes and circulating brochures during the events;
- participating in events organised by other Ministries, such as the Ministry of Agriculture and Agro Based Industry and Ministry of Domestic Trade, Co-operatives and Consumerism; and
- disseminating information on interest scheme in the media, such as conducting interviews with radio, TV and newspapers.

In 2009, SSM received a total of 18 applications for the registration of new interest schemes involving a wide range of activities, compared with 4 applications received in 2008. SSM is anticipating a significant growth of new interest schemes registered in 2010.



## 6. COMPLIANCE RATE

Compliance Rate 2003 - 2009



In 2008 SSM had introduced Practice Note 1 of 2008 (PN1/2008) which enforces the strict requirement for the submission of annual return by companies together with their audited accounts as per section 165 of CA 1965 with the exception of exempt private companies.

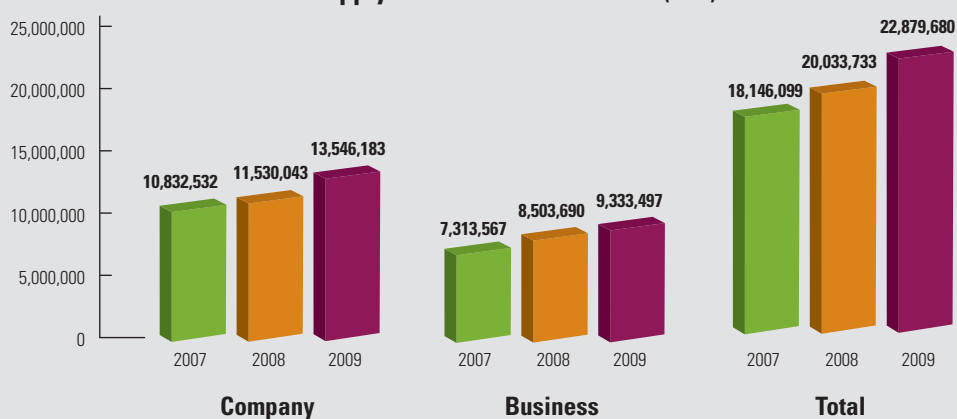
Though the initiative had resulted in a decline in compliance rate for 2008, such move has decidedly created awareness among the corporate directors of the importance of complying with the legal requirements of section 165 of CA 1965 towards achieving the objective of enhancing the company's accountability and transparency. The achievement can be seen from the rise in SSM's annual compliance rate to 84% in 2009, with annual returns being lodged in full compliance with PN1/2008 and section 165 of CA 1965 compared to 80% in the previous year.

The successful implementation of the requirements set out under PN1/2008 has resulted in a more meaningful measurement of the compliance rate and significantly improved the quality of financial data on companies supplied to the public. It is indeed a major step forward for SSM towards achieving its goal of becoming a centre of excellence for provision of timely and accurate corporate information.

## 7. SUPPLY OF INFORMATION

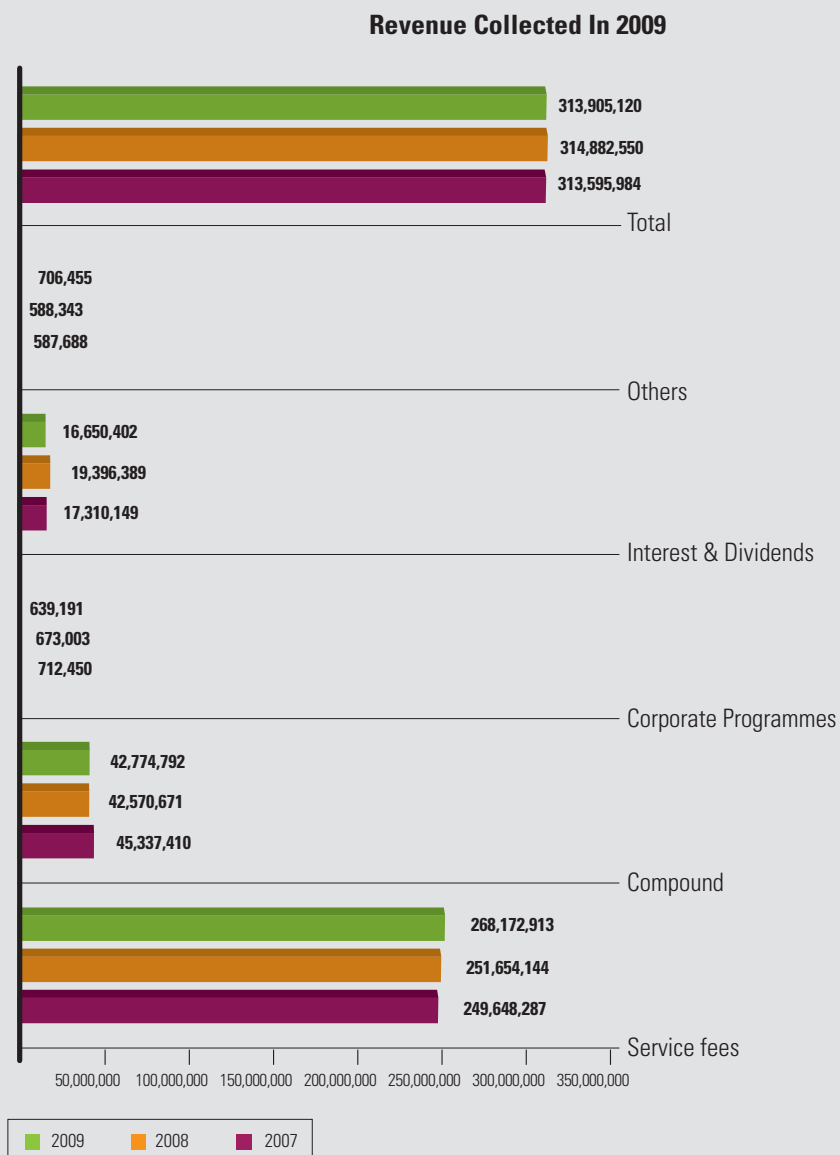
Revenue from the supply of corporate and business information had increased by 14.2% compared to the previous year. This shows that SSM is increasingly being relied upon by the public for the provision of business and corporate information towards arriving at informed business and investment decisions.

Supply of Information Revenue (RM)





## 8. REVENUE COLLECTION



Despite the global economic downturn in 2009 which had resulted in an overall contraction of 1.7% in the domestic economy, SSM's total revenue declined marginally by 0.31% compared with the previous year. The drop in revenue was attributed to the reduction in registration and other fees introduced by SSM during the year in support of Government's economic stimulus packages. Total revenue would have been RM 328.9 million or more by 4.4% over last year if the registration and other fees had not been reduced. Of the total revenue received, services income accounted for 81.6% of the total income, followed by compound (12.9%) and interest/dividend income (5.3%). Income from services recorded a significant increase of 6.9%, while compound increased marginally by 0.5%. Income from interest and dividend fell by 14% due to a reduction in interest rates and dividends earned on SSM's investments.



AUDITORIUM



# FINANCIAL STATEMENTS







**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF THE  
COMPANIES COMMISSION OF MALAYSIA  
FOR THE YEAR ENDED 31 DECEMBER 2009**

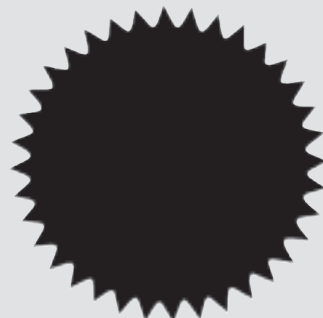
The financial statements of the Companies Commission of Malaysia for the year ended 31 December 2009 have been audited by my representative. These financial statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these financial statements.

The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing. Those standards require an audit be planned and misstatement. The audit includes examining on a test basis, evidence supporting the amounts and adequate disclosures in the Financial Statements. It also includes assessment of the accounting principles used as well as evaluating the overall presentation of the Financial Statements. I believe that the audit had provided a reasonable basis for my opinion.

In my opinion, the Financial Statements give a true and fair view of the state of financial affairs of the Companies Commission of Malaysia as at 31 December 2009 and of the results of its operations and its cash flows for the year ended based on the approved accounting standards.

**(HJH. ZAINUN BINTI TAIB)  
b.p. KETUA AUDIT NEGARA  
MALAYSIA**

**PUTRAJAYA  
24 MAY 2010**



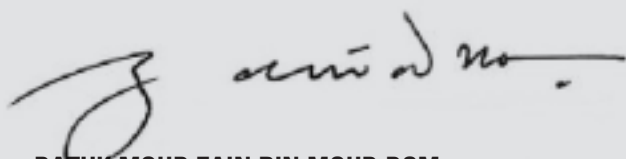
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## STATEMENT BY CHAIRMAN AND A MEMBER OF THE COMPANIES COMMISSION OF MALAYSIA

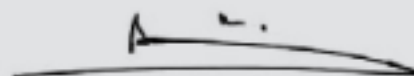
We, **DATUK MOHD ZAIN BIN MOHD DOM** and **DATO' AZMI BIN ARIFFIN**, being the Chairman and a member of the **COMPANIES COMMISSION OF MALAYSIA**, do hereby state that in the opinion of the Members of the Commission, the Financial Statements consisting of Balance Sheet, Income Statement, Statement of 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 2009 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,



**DATUK MOHD ZAIN BIN MOHD DOM**  
CHAIRMAN OF THE COMMISSION



**DATO' AZMI BIN ARIFFIN**  
MEMBER OF THE COMMISSION

Date: 24 MAY 2010

Place: KUALA LUMPUR

Date: 24 MAY 2010

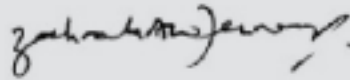
Place: KUALA LUMPUR

# STATUTORY DECLARATION

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

I, **ZAHRAH BT ABD. WAHAB FENNER**, being the officer primarily responsible for the accounting records and financial management of the **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.

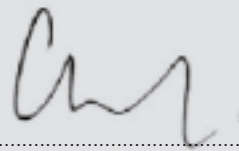
Subscribed and solemnly )  
declared by the above named )  
at Kuala Lumpur in the Federal Territory on )



24 February 2010



Before me,



COMMISSIONER FOR OATHS

Lot 2.42, Tingkat 2, The Mall  
100, Jalan Putra  
50350 Kuala Lumpur, Malaysia  
HP: 019-280 9000



# BALANCE SHEET

## AS AT 31 DECEMBER 2009

	Note	2009 RM	2008 RM
<b>Non Current Assets</b>			
Property, fittings and equipment	3	14,060,188	13,886,953
Long term investments	4	140,760,728	60,399,936
Work in progress	5	178,226,933	103,514,827
Staff financing	6	20,325,395	16,148,485
		353,373,244	193,950,201
<b>Current Assets</b>			
Trade debtors	7	758,455	446,076
Other debtors, deposits and prepayments	8	6,937,476	7,374,612
Staff financing	6	1,720,775	1,405,108
Short term investments	9	100,770,759	99,992,249
Cash and cash equivalents	10	183,906,625	297,701,815
		294,094,090	406,919,860
<b>TOTAL ASSETS</b>		<b>647,467,334</b>	<b>600,870,061</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Government grants	11	20,011,596	57,813,241
Retained earnings		407,333,159	318,267,225
Staff financing funds	12	56,000,000	56,000,000
		483,344,755	432,080,466
<b>Non Current Liabilities</b>			
Provision for employee benefits	13	684,747	687,400
		684,747	687,400
<b>Current Liabilities</b>			
Federal Consolidated Fund	14	156,952,560	157,441,275
Other creditors	15	5,424,831	5,347,482
Short term project creditors	16	1,060,441	5,313,438
		163,437,832	168,102,195
<b>Total Liabilities</b>		164,122,579	168,789,595
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>647,467,334</b>	<b>600,870,061</b>

Notes on pages 151 to 172 form an integral part of these financial statements.

# INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM	2008 RM
Income	17	313,905,120	314,882,550
Federal Consolidated Fund	14	(156,952,560)	(157,441,275)
		156,952,560	157,441,275
<b>Operating Expenses</b>			
Staff costs	18	65,637,458	61,616,943
Administration costs	19	38,386,877	35,826,568
Depreciation	3	7,950,038	13,018,989
Amortization on vested benefits and long term investments		338,908	(2,519,606)
		112,313,281	107,942,894
Surplus before taxation	20	44,639,279	49,498,381
Taxation	21	-	-
<b>Surplus after taxation</b>		<b>44,639,279</b>	<b>49,498,381</b>

Notes on pages 151 to 172 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2009

	← Capital Grants →		Accumulated Surplus RM	Staff Financing Funds RM	Total RM
	Government Grants RM	Vested Benefits RM			
Balance as at 1 January 2008	43,600,000	3,392,895	268,768,844	56,000,000	371,761,739
<u>Net surplus not recognised in income statement</u>					
Amortization of vested benefits	-	(2,554,644)	-	-	(2,554,644)
	-	(2,554,644)	-	-	(2,554,644)
Development grant	13,374,990	-	-	-	13,374,990
Surplus after taxation	-	-	49,498,381	-	49,498,381
Balance as at 31 December 2008	56,974,990	838,251	318,267,225	56,000,000	432,080,466
<u>Net surplus not recognised in income statement</u>					
Government grants recognised in income statement	(43,600,000)	(826,655)	44,426,655	-	-
Development grant	6,625,010	-	-	-	6,625,010
Surplus after taxation	-	-	44,639,279	-	44,639,279
<b>Balance as at 31 December 2009</b>	<b>20,000,000</b>	<b>11,596</b>	<b>407,333,159</b>	<b>56,000,000</b>	<b>483,344,755</b>

Notes on pages 151 to 172 form an integral part of these financial statements.

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2009

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
<b>Operating activities</b>		
Surplus before taxation	44,639,279	49,498,381
Adjustments for:		
Depreciation	7,950,038	13,018,989
Amortization on vested benefits	-	(2,554,644)
Amortization on long term investments	338,908	35,038
Profit from disposal of property, fittings and equipment	-	(8,588)
Profit and dividend from investments	(16,650,402)	(19,396,389)
<b>Operating profit before changes in working capital</b>	<b>36,277,823</b>	<b>40,592,787</b>
(Increase)/Decrease in trade debtors	(312,379)	(427,504)
(Increase)/Decrease in other debtors, deposits and prepayments	437,136	(299,113)
Increase/(Decrease) in Federal Consolidated Fund	(488,715)	643,283
Increase/(Decrease) in other creditors	77,349	461,097
Increase/(Decrease) in work in progress creditors	(4,252,996)	4,228,693
Increase/(Decrease) in provision for employee benefits	(2,653)	(48,101)
<b>Net cash generated from operating activities</b>	<b>31,735,565</b>	<b>45,151,142</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, fittings and equipment	(8,123,273)	(1,807,858)
Proceeds from disposal of property, fittings and equipment	-	14,286
(Increase)/Decrease in work in progress	(74,712,105)	(45,826,011)
Placements in short term investments	(778,509)	12,763,261
Placements in long term investments	(80,699,700)	(30,425,000)
Profit and dividend received	16,650,402	19,396,389
Staff financing	(5,929,460)	(6,623,927)
Repayment received from staff financing	1,436,880	1,518,402
<b>Net cash from/(used for) investing activities</b>	<b>(152,155,765)</b>	<b>(50,990,458)</b>
<b>Cash flows from financing activities</b>		
Development grant	6,625,010	13,374,990
<b>Net cash generated from financing activities</b>	<b>6,625,010</b>	<b>13,374,990</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(113,795,190)</b>	<b>7,535,674</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>297,701,815</b>	<b>290,166,141</b>
<b>Cash and cash equivalents at end of year</b>	<b>183,906,625</b>	<b>297,701,815</b>

Notes on pages 151 to 172 form an integral part of these financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 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 Business Act 1956, 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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 benefit 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.

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



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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Property, Fittings and Equipment (continued)

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 derecognition 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Work In Progress

Work 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.

#### (i) Cash and Cash Equivalents

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 of three months or less.

#### (j) 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.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) 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 Pension Trust Fund 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) 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.

#### (m) 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.

#### (n) 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.

#### (o) 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.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Provisions (continued)

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.

#### (p) 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 and the Registration of Businesses Act 1956 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.

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 and Registration of Businesses Act 1956.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Income Recognition (continued)

##### (iii) Corporate Training Programs

Income arising from Corporate Training Programs is recognized upon confirmation of registration by participants.

##### (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.

#### (q) 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 instruments.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 3. PROPERTY, FITTINGS AND EQUIPMENT

	Furniture and Fittings RM	Office Equipment RM	Computer Hardwares and Softwares RM	Motor Vehicles RM	Renovation RM	Total RM
<b>Cost</b>						
At 1 January 2009	4,411,283	3,496,966	40,838,918	6,438,004	16,184,524	71,369,695
Additions	4,888	491,268	6,834,273	465,279	327,565	8,123,273
Disposals	-	-	-	-	-	-
Impairment	-	-	(3,150,981)	-	-	(3,150,981)
<b>At 31 December 2009</b>	<b>4,416,171</b>	<b>3,988,234</b>	<b>44,522,210</b>	<b>6,903,283</b>	<b>16,512,089</b>	<b>76,341,987</b>
<b>Accumulated Depreciation</b>						
At 1 January 2009	2,741,742	1,861,728	31,716,153	4,069,598	13,942,540	54,331,761
Depreciation for the year	523,198	674,785	4,804,555	1,063,024	884,476	7,950,038
Disposals	-	-	-	-	-	-
<b>At 31 December 2009</b>	<b>3,264,940</b>	<b>2,536,513</b>	<b>36,520,708</b>	<b>5,132,622</b>	<b>14,827,016</b>	<b>62,281,799</b>
<b>Net Book Value</b>						
At 31 December 2009	1,151,231	1,451,721	8,001,502	1,770,661	1,685,073	14,060,188
At 31 December 2008	1,669,541	1,635,238	5,971,784	2,368,406	2,241,984	13,886,953
Depreciation charge for the year ended 31 December 2008	869,117	654,184	6,982,186	1,291,304	3,222,198	13,018,989

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 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. This equipment is stated at fair value on the vesting date with an expected remaining useful life of two (2) years.

Impairment is measured by comparing the asset carrying value with its recoverable amount. There was a delay in the roll out of the project and the technology obsolescence resulted in an impairment estimated at RM 3,150,981 compared to cost of development of the system in year 2005. The impairment loss was recognized immediately as expenditure in the income statement.

### 4. LONG TERM INVESTMENTS

Long term investments comprise investments in Government Investment Issues, Cagamas Berhad Sukuk and Islamic Medium Term Notes with coupon rates ranging from 2.57% to 5.0% (2008: 3.9% to 4.6%) with tenure of up to ten (10) years. The maturity structures of long term investments as at the end of the financial year were as follows:

	<b>2009 RM</b>	<b>2008 RM</b>
Up to five years	135,763,873	55,403,081
More than five years	4,996,855	4,996,855
	140,760,728	60,399,936

### 5. WORK IN PROGRESS

	<b>2009 RM</b>	<b>2008 RM</b>
Balance as at 1 January	103,514,827	57,688,816
Additional work in progress during the financial year	80,851,882	45,961,802
Capitalization to property, fittings and equipment	(6,139,776)	(135,791)
Balance as at 31 December	178,226,933	103,514,827

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 5. WORK IN PROGRESS (continued)

The work in progress includes the Commission's building and information and communication technology projects awarded in the current year as follows:

	<b>2009 RM</b>	<b>2008 RM</b>
Building in progress	178,164,563	103,514,827
Information and communication technology development in progress	62,370	-
Balance as at 31 December	178,226,933	103,514,827

#### (a) Construction of Commission's Office Building

On 11 December 2006, the Commission entered into a sale and purchase agreement with KL Sentral Sdn Bhd and Malaysian Resources Corporation Berhad (MRCB) to purchase an office building identified as Tower C together with its accessory parcels amounting to RM 147,500,000. As stipulated in the sale and purchase agreement, the construction of the said building will be completed within thirty six (36) months from the date of fulfillment of the Condition Precedents.

Apart from the construction of the main building, the Commission has also signed an agreement with MRCB on 11 June 2008 for interior design works which includes audio visual and mechanical and electrical works amounting to RM 25,208,320.

The constructions of the main building were completed in the current year and Temporary Certificate of Fitness was issued on 1 August 2009. The main building together with the interior design is expected to be handed over to the Commission in January 2010. However, no certificate of acceptance of the building has been issued as at the date of the accounts.

#### (b) Development and Installation of Information and Communication Technology Infrastructure and Equipment

During the financial year, the Commission awarded several information and communication technology (ICT) projects amounting to RM 8,874,146 inclusive of ICT requirements for the new office building. These projects are classified as work in progress in the current year based on invoices received.

Works in progress amounting to RM 6,139,776 were capitalized under computer equipment and peripherals.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 6. STAFF FINANCING

	<b>2009 RM</b>	<b>2008 RM</b>
Home financing	24,626,595	18,853,420
Motor vehicle financing	1,128,040	1,554,984
Computer financing	171,777	104,516
Gross amount of financing	25,926,412	20,512,920
Unearned profits from financing	(3,880,242)	(2,959,327)
Present value of minimum payments receivable	22,046,170	17,553,593

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

*Gross amount of financing:*

Within one year	1,797,943	1,468,900
More than one year and up to five years	7,904,440	6,253,272
More than five years	16,224,029	12,790,748
	25,926,412	20,512,920

*Present value of minimum payments receivable:*

Within one year	1,720,775	1,405,108
More than one year and up to five years	7,528,416	6,072,437
More than five years	12,796,979	10,076,048
	22,046,170	17,553,593

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 (2008: 4% per annum). The home financing is repayable over a maximum period of thirty (30) years with a profit rate of 2% per annum (2008: 2% per annum).

The effective profit rates for these staff financing is 7% to 9% per annum (2008: 7% to 9% per annum).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 7. TRADE DEBTORS

Trade debtors consist of service fee receivables, which include fee from e-info services provided through an appointed agent, e-lodgement 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

	<b>2009</b> <b>RM</b>	<b>2008</b> <b>RM</b>
Profit and dividend receivables	3,530,289	5,356,983
Deposits and prepayments	2,945,026	1,947,903
Advances to employees	426,376	35,521
Other receivables	35,785	34,205
	6,937,476	7,374,612

### 9. SHORT TERM INVESTMENTS

	<b>2009</b> <b>RM</b>	<b>2008</b> <b>RM</b>
Institutional Trust Account	56,116,019	53,699,960
Islamic Commercial Papers	14,654,740	30,691,919
Negotiable Instrument Debt Certificates	15,000,000	15,600,370
Commodity Murabahah Deposits	15,000,000	-
	100,770,759	99,992,249

During the current and previous financial years, the Commission placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The gross profit rate receivable by the Commission is 5% per annum (2008: 5% per annum) and the tenure of the placement is less than one year.

The Commission purchased *Islamic Commercial Papers*, *Negotiable Instrument Debt Certificates* and *Commodity Murabahah Deposits* through various licensed financial institutions. The effective profit rate receivable by the Commission for these securities ranged from 2.3% to 4.5% per annum (2008: 3.4% to 3.7% per annum) and their tenure is up to twelve (12) months.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 10. CASH AND CASH EQUIVALENTS

	<b>2009 RM</b>	<b>2008 RM</b>
Cash and bank balances	27,359,413	31,496,331
Deposit placements with :		
Licensed local banks and financial institutions	156,547,212	266,205,484
	<b>183,906,625</b>	<b>297,701,815</b>

The effective profit rate for Al-Mudharabah general investments and Al-Mudharabah special investment with banks and financial institutions ranged from 2.40% to 2.60% per annum (2008: 3.08% to 4.0% per annum).

The tenure of the Al-Mudharabah general investment is thirty (30) days to a year (2008: thirty (30) days to a year), and for the Al-Mudharabah special investment is one (1) night to ninety (90) days (2008: one (1) night to ninety (90) days).

### 11. GOVERNMENT GRANT

	<b>Launching Grant</b>	<b>Development Grant</b>	<b>Vested Benefits</b>	<b>Total</b>
At 1 January 2009	43,600,000	13,374,990	838,251	57,813,241
Additional grant received during the year	-	6,625,010	-	6,625,010
Reclassified to retained earnings	(43,600,000)	-	(826,655)	(44,426,655)
<b>At 31 December 2009</b>	<b>-</b>	<b>20,000,000</b>	<b>11,596</b>	<b>20,011,596</b>
At 1 January 2008	43,600,000	-	3,392,895	46,992,895
Additional grant received during the year	-	13,374,990	-	13,374,990
Amortization for the year	-	-	(2,554,644)	(2,554,644)
<b>At 31 December 2008</b>	<b>43,600,000</b>	<b>13,374,990</b>	<b>838,251</b>	<b>57,813,241</b>

Government grants include launching grant provided by the Government and development grant approved under the Ninth Malaysian Plan (RMKe-9). The initial grant was provided to cover the financial liabilities and capital expenses during the inception of the Commission while the development grant was provided to cover capital expenses for the Commission's new building.



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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 11. GOVERNMENT GRANT (continued)

During the financial year, the Commission received a development grant amounting to RM 6,625,010 (2008 : RM 13,374,990) to finance part of the interior design works and development of information communication and technology infrastructure for the Commission's new building. In addition to that, the Government has also approved an additional allocation of RM 500,000 under the RMKe-9 in the current year for the interior design works.

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 vested benefits is taken as benefit of the usage of the specific property, fittings and equipment which is equivalent to the depreciation of the property, fittings and equipment vested. This amount is stated as amortization benefits in the statement of changes in equity.

### 12. STAFF FINANCING FUNDS

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Home financing fund	50,000,000	50,000,000
Motor vehicle financing fund	5,000,000	5,000,000
Computer financing fund	1,000,000	1,000,000
	56,000,000	56,000,000

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 2002 to 2006.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 13. PROVISION FOR EMPLOYEE BENEFITS

	<b>2009 RM</b>	<b>2008 RM</b>
Balance as at 1 January	800,834	848,936
Payments made to employees in current year	(33,489)	(48,102)
Balance as at 31 December	767,345	800,834

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.

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

	<b>2009 RM</b>	<b>2008 RM</b>
<b>Current liabilities</b>		
Within one year	82,598	113,434
<b>Long term liabilities</b>		
More than one year and up to five years	392,796	418,575
More than five years	291,951	268,825
	767,345	800,834

### 14. FEDERAL CONSOLIDATED FUND

	<b>2009 RM</b>	<b>2008 RM</b>
Balance as at 1 January	157,441,275	156,797,992
Provision for revenue payable to Federal Consolidated Fund	156,952,560	157,441,275
Payments made during the year to the Federal Consolidated Fund	(157,441,275)	(156,797,992)
Balance as at 31 December	156,952,560	157,441,275

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 15. OTHER CREDITORS

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Payables and accruals	3,361,072	4,040,220
Statutory payables	442,904	1,038,915
Trustee accounts	65,223	65,224
Other creditors	1,555,632	203,123
	5,424,831	5,347,482

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

### 16. SHORT TERM PROJECT CREDITORS

Short term project creditors are costs incurred for the construction of the Commission's office building and information and communication technology projects which were outstanding as at year end.

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

### 17. INCOME

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Gross income from operating activities:		
Services income	253,165,120	251,654,144
Compounds	42,774,792	42,570,671
Corporate Training Programs	608,357	673,003
Other income:		
Profit and dividend	16,650,402	19,396,389
Other income	706,455	579,755
Profit on disposals of property, fittings and equipment	-	8,588
	313,905,120	314,882,550

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 17. INCOME (continued)

The Commission introduced discounts ranging from 10% to 15% under the Economic Stimulus Packages with effect from 1 April 2009 until 31 March 2010. The discounts are on fee under the Companies Act 1965, Registration of Business Act 1956 as well as participant fee for Corporate Training Programs.

	<b>2009 RM</b>	<b>2008 RM</b>
Gross income	328,943,753	314,882,550
Discounts offered under Economic Stimulus Packages	(15,038,633)	-
	313,905,120	314,882,550

### 18. STAFF COSTS

	<b>2009 RM</b>	<b>2008 RM</b>
Salaries	38,637,804	36,877,788
Fixed allowances	4,552,853	4,374,607
Statutory contributions	9,099,288	8,627,231
Overtime allowance	450,325	494,733
Bonus and other benefits	9,793,134	8,854,288
Medical benefits	2,857,986	2,105,204
Members' allowances	119,847	140,400
Subsidies to staff on Government loan	126,221	142,692
	65,637,458	61,616,943

### 19. ADMINISTRATION COSTS

	<b>2009 RM</b>	<b>2008 RM</b>
Travelling and accommodation	3,444,740	3,339,773
Communication and utilities	2,644,831	2,079,628
Rental	11,322,116	10,996,213
Printing and stationeries	6,295,847	6,119,307
Upkeep of equipment	7,975,358	7,258,721
Office maintenance and security	1,144,610	1,099,728
Professional fees	1,654,772	827,918
Entertainment and hospitalities	3,645,849	3,802,359
Other administrative costs	258,754	302,921
	38,386,877	35,826,568

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 20. SURPLUS BEFORE TAXATION

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Surplus for the year before taxation is derived after crediting: -		
Profit and dividend	16,650,402	19,396,389
Other income	706,455	579,755
Gain on disposals of property, fittings and equipment	-	8,588
And charging: -		
Members' allowance	119,847	140,400
Auditors' remuneration	51,300	51,300
Bonus and other benefits	9,793,134	8,854,288
Depreciation	7,950,038	13,018,989
Amortization on vested benefit	-	(2,554,644)
Amortization on long term investments	338,908	35,038

### 21. TAXATION

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

### 22. CAPITAL COMMITMENTS

	<b>2009</b>	<b>2008</b>
	<b>RM</b>	<b>RM</b>
Capital expenditure commitments :		
Approved and contracted for	17,512,932	75,175,000
Approved but not contracted for	-	400,000
	17,512,932	75,575,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 23. FINANCIAL RISK MANAGEMENT

The Commission's financial risk management programme 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 programme and adherence to Commission's financial risk management policies. The Commission regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

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

*(a) Liquidity Risk*

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

*(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) Profit 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, profits and interest rate terms.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 23. FINANCIAL RISK MANAGEMENT (continued)

#### Financial Instruments

*Effective profit/interest rates analysis*

	Effective profit/interest rates per annum %	Within 1 Year RM	1-5 Years RM	More Than 5 Years RM	Total RM
<b>As at 31 December 2009</b>					
<b>Financial Assets</b>					
Deposits placements:					
Local banks and financial institutions	2.40 - 2.60	183,906,625	-	-	183,906,625
Amanah Raya Berhad	5.0	56,116,019	-	-	56,116,019
Debts securities held to maturity:					
Government Investment Issues	2.57 - 5.0	-	75,647,009	4,996,855	80,643,864
Islamic Medium Term Notes	2.57 - 5.0	-	60,116,864	-	60,116,864
Islamic Commercial Papers	2.3 - 4.5	14,654,740	-	-	14,654,740
Negotiable Instrument Debts	2.3 - 4.5	15,000,000	-	-	15,000,000
Comodity Murabahah Deposit	2.3 - 4.5	15,000,000	-	-	15,000,000
		284,677,384	135,763,873	4,996,855	425,438,112

#### As at 31 December 2008

#### Financial Assets

Deposits placements:

Local banks and financial institutions	3.08 - 4.0	297,701,815	-	-	297,701,815
Amanah Raya Berhad	5.0	53,699,960	-	-	53,699,960

Debts securities held to maturity:

Government Investment Issues	3.03 - 3.95	-	25,008,123	4,996,855	30,004,978
Cagamas Berhad	-	-	30,394,958	-	30,394,958
Islamic Commercial Papers	3.4 - 3.7	30,691,919	-	-	30,691,919
Negotiable Instrument Debts	3.4 - 3.7	15,600,370	-	-	15,600,370
		397,694,064	55,403,081	4,996,855	458,094,000

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

### 23. 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 2009 is shown below:

	2009		2008	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial assets</b>				
Long Term Investments	140,760,728	142,976,700	60,443,400	61,399,500
Staff Financing	22,046,170	44,342,226	17,569,350	34,414,229

### 24. EMPLOYEES

The number of employees of the Commission as at 31 December 2009 was 1,168 inclusive of 40 temporary staff (2008: 1,161 inclusive of 43 temporary staff).

### 25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2009 was duly approved by the Members of the Companies Commission of Malaysia on 23 February 2010.

### 26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year financial statements presentation.

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