



Mencapai Mercu Baharu
MENJALANKAN PERNIAGAAN
Attaining New Heights In DOING BUSINESS



ATTAINING
NEW HEIGHTS
IN DOING BUSINESS

COVER CONCEPT

“ATTAINING NEW HEIGHTS IN DOING BUSINESS”

The image of a graphic bird and SSM's corporate head office with the affluent thriving city of Kuala Lumpur as the background on the cover illustrates SSM's endeavours towards the development and growth of the nation's economy in creating a new dimension for doing business in Malaysia.



STRATEGIC THRUST

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



SSM'S VISION STATEMENT



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



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ANNUAL REPORT 2013

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MINISTER'S MESSAGE



Year 2013 has been a thriving year for Malaysia as reflected by the improvement in our overall ranking for ease of doing business to 6th position amongst 189 countries in the World Bank Doing Business Report 2014. Based on the Report which was released on 29 October 2013, Malaysia surged six (6) spots compared to number twelfth (12) last year. This has also placed Malaysia ahead of South Korea, Norway, United Kingdom, Australia and Finland. This achievement reflects strong improvements in business confidence towards Malaysia.

The significant improvement in Malaysia's standing in the report was a result of concerted efforts by the Government of Malaysia in improving public service delivery including SSM who has been constantly implementing various initiatives to improve the 'starting a business indicator' which forms an integral part of the overall assessment by the World Bank in the Ease of Doing Business Report. I believe SSM will carry out more innovative ideas and initiatives to further improve the nation's position in the years to come.

Meanwhile, the World Competitive Yearbook (WCY) 2013, which is recognised as the leading annual report on the competitiveness of nations, issued by the Institute for Management Development (IMD) based in Switzerland, ranked Malaysia 15th in 2013 in terms of global competitiveness amongst 60 countries.

With the nation's economy going from strength to strength as reflected by a growth rate of 4.7% in 2013, amid moderate growth in emerging economies, Malaysia is proving to be the preferred business destination in the region with

attractive incentives for foreign investors and a well-developed infrastructure. I am impressed to observe that SSM has made many important strides during the year under review to attract continued growth in the number of new registration of companies and businesses. A major SSM initiative is to reduce incorporation fees from RM3,000 to RM1,000 for companies having an authorised share capital up to RM400,000. Such a move will create incentives for small business entrepreneurs to operate as companies with the potential to grow their capital and develop more innovative products and services. This in turn could lead to higher profitability and more jobs being created, all of which are building blocks towards developing a thriving and vibrant economy for Malaysia.

I also wish to commend SSM for implementing the mandatory online incorporation via MyCOID Portal for Kuala Lumpur, Selangor and Negeri Sembilan effective from 16 May 2013. Such policy will fast track the transformation of SSM's service delivery system from offline to online.

It is also heartening to note that SSM has played a facilitative role in the incorporation of 46,321 new companies and the registration of 329,895 new businesses in 2013. This is evidence of Malaysia's resilient economic growth which clearly has not been affected by the modest pace and uneven growth of the global economic expansion during the year.

SSM has been steadily proactive in its ongoing efforts to ensure a competitive legal framework for the business and corporate community. It successfully introduced a new business vehicle,

the Limited Liability Partnerships Act 2012 (LLP Act) on 21 February 2013 which received a tremendous response. By 31 December 2013, there were 1,440 registrations of new LLPs. This data is a clear reflection of the enterprising spirit of Malaysians that has been nurtured by pro-business policies introduced by SSM under the said LLP Act 2012.

During the year under review, SSM continued its efforts in finalising the proposed Companies Bill and Interest Schemes Bill which were open to public consultation from 2 July 2013 till 10 August 2013. I have been informed that SSM had received positive responses and comments from statutory bodies, professional bodies, law firms, banking and financial experts, companies and individuals. These bills are expected to modernise the overall corporate legal framework, simplify procedures on starting a business and substantially transform the way people do business in Malaysia.

I observe that SSM has been relentless in its efforts to drive the corporate responsibility culture through the promotion of greater awareness. These efforts have led to the publication of Best Business Practice Circulars (BBPC) on many corporate responsibility issues. For all these far reaching initiatives which enabled SSM to achieve the Millennium Development Goal (MDG) Eight: Develop a Global Partnership Development", it was awarded the prestigious United Nations Award 2013 in conjunction with the celebration of the 68th Anniversary of the United Nations held in Kuala Lumpur on 24 October 2013 which was officiated by the Deputy Prime Minister, YAB Tan Sri Dato' Haji Muhiyiddin Yassin. This recognition accorded by the United Nations is an honour to

Malaysia and will not doubt serve as a catalyst for SSM to attain greater heights in championing corporate responsibility initiatives for the Malaysian corporate community.

On 2nd July 2013, SSM launched yet another Best Business Practice Circular 5/2013 (BBPC 5/2013) entitled "Corporate Responsibility: Guidance to Disclosure and Reporting" with the main objective of raising awareness among the corporate and business communities in Malaysia on the need to disclose their corporate responsibility initiatives in a transparent manner. This BBPC supports SSM's move to introduce a new regime of non-financial reporting through the new Companies Act. Under the new regime, non-financial reporting is expected to cover a business review report that will cover matters related to environmental, social and community issues and the company's employees.


Besides these initiatives, two years ago in 2011, SSM introduced the Corporate Responsibility Seminar Series (CRSS) with the objective of raising awareness among small and medium enterprises (SMEs) on important issues and current practices relating to corporate responsibility towards achieving business sustainability. The CRSS theme for year 2013 was "Towards a Sustainable Future". Among the major features were the corporate responsibility framework and promoting SSM as one of the key drivers in cultivating corporate responsibility practices amongst the corporate and business communities in Malaysia. In anticipation of SSM's new initiatives and with the combined efforts of SSM's Commission Members, its Executive Management and the entire workforce backed by strong support

from industry and stakeholders, we can look forward with confidence to more outstanding achievements and milestones by SSM in 2014 to a conducive, competitive and dynamic business environment as we move to achieve Vision 2020.

Y.B. DATO' SRI HASAN BIN MALEK

Minister of Domestic Trade,
Co-operatives & Consumerism
7 July 2014

CHAIRMAN'S FOREWORD

A man in a dark grey pinstripe suit, white shirt, and striped tie stands in an office. He is holding a tablet computer with both hands. The background shows office shelves with books and framed pictures.

Amid all the regular duties that were discharged in achieving its vision and the seven (7) strategic thrusts, I can confidently report that the Companies Commission of Malaysia (SSM) has accomplished its 2013 targets. The deliverables detailed in this Report clearly reflect that SSM is on track in achieving its vision to be a world class corporate registry and regulatory authority that meets business needs through effective registration, information, regulation and advice. SSM has done extremely well in its wide ranging functions -as the focal point for incorporation of companies and business registration, as a centre of corporate and business information, corporate regulator, promoter of good governance, corporate responsibility and as an established centre for corporate training.

The year 2013 saw SSM being bestowed with multiple awards. Collaboration and advancement in corporate responsibility (CR) initiatives with its partners have steered SSM into providing value propositions and better understanding on various CR activities to its stakeholders in particular the local SMEs that comprise 99% of the total number of companies in its database. These efforts in promoting CR have garnered recognition beyond our shores when on 24 October 2013, SSM received the prestigious United Nations Award 2013 for the "Millennium Development

Goal (MDG) Eight: Develop a Global Partnership Development” in conjunction with the celebration of the 68th Anniversary of the United Nations. This award was received in recognition of the strategic collaboration between SSM and United Nations Children’s Fund (UNICEF) Malaysia since year 2010 aimed at enhancing and protecting the well-being and welfare of children in Malaysia. This was achieved through a range of publications of the Best Business Practices and Toolkit as well as conducting awareness programmes amongst the corporate community and businesses.

Initiation of exemplary innovative and functional projects earned SSM three (3) awards during the Innovation Day of Ministry of Domestic Trade, Co-operatives & Consumerism (MDTCC) held on 31 October 2013. Innovation Day was held in conjunction with government’s transformation agenda that is aimed at encouraging and implementing innovative ideas from the workforce of the Ministry and all its agencies so as to attain a creative, innovative and high quality delivery system demanded by stakeholders. SSM was bestowed the first three prizes of the Innovation Awards, Corporate and Business Information Data (CBID), Introduction of Limited Liability Partnerships (LLP) and SSM Easybiz Kiosk. SSM also won the award for Quality Environmental Practices through its 5S project from amongst the agencies under MDTCC.

All three (3) initiatives received the award based on the revolutionary features and the numerous benefits that the corporate community will derive from these projects. As can be seen, the CBID is a service offering compiled data and corporate information that caters to the needs of customers. This product is of enormous assistance to customers in analysing and making wide ranging business decisions.

Meanwhile, the LLP serves as a new option for new businesses, small and medium sized enterprises (SMEs) as well as the professional group in carrying out their business with least concerns about liability and vulnerability of their personal assets from being subjected to the debts of the entity. The third initiative, the Easybiz Kiosk is an alternative for electronic service in support of the government’s aspiration to implement online services by year 2020. This service provides for self-service electronic registration which is accessible 24 hours and 7 days in a week. I believe that the introduction of these initiatives has the potential to drive the nation towards greater competitiveness in line with government’s move to simplify procedures and reduce administration and compliance costs to facilitate doing business in Malaysia.

To facilitate business formalisation and registration of SSM conducted a series of public education programmes from March – December 2013 on the need and benefits of registration under the Registration of Businesses Act 1956 (ROBA 1956) for small entrepreneurs, hawkers and petty traders. Education and outreach has been the cornerstone of SSM’s strategy in ensuring formalisation of businesses within this group of entrepreneurs and facilitating its integration into the formal economy. These programmes which were conducted nationwide and attracted a large number of participants which will to spur the growth of new businesses. Education of this nature will provide a clear route to small businesses in creating and generating income to improve the standard of living as well as employment opportunities for the low income group. The execution of these programmes were supported by the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) and related agencies under MDTCC including Maktab Koperasi



Malaysia (MKM), Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN), Amanah Ikhtiar Malaysia (AIM), Bank Rakyat, Perbadanan Nasional Berhad (PNS), Bank Simpanan Nasional (BSN) as well as other Ministries and agencies such as the Ministry of Health, Central Bank of Malaysia and Trade Associations.

I also wish to commend SSM's efforts in its publication of the Best Business Practice Circular (BPPC) entitled "Education for Sustainable Development: Promoting Technical Education and Vocational Training (TVET)". The launch of this BBPC on 5 March 2013 was an initiative by SSM in collaboration with UNICEF in furtherance of executing SSM's corporate responsibility agenda. This particular BBPC specifically highlights the provision of technical education and vocational training through public-private collaboration as an alternative to mainstream education for school drop-outs. It is hoped that the training in vocational or technical skills to enable this group of youth to eventually join the work force. This initiative calls

on the corporate sector to participate and to play their role towards developing and up-skilling the workforce. Such efforts run parallel with measures being undertaken by the Government in transforming the national education system to prepare youths in Malaysia to meet local and global demands.

During the year, SSM achieved an income of RM331.6 million and after taking into consideration the contribution to the Federal Consolidated Fund and all the operating expenses like administration costs, depreciation and amortization on grants received and long term investments amounting to RM302.2 million, the surplus before taxation is RM29.4 million. The surplus after taxation amounts to RM32.2 million after deducting taxation of RM2.8 million.

In 2009, SSM embarked on an programme called Strategic Direction Plan II (SDP II) to transform itself into the preferred business advisory channel to the public within the next five (5) years. Under the

SDP II, Organization Transformation Programme (OTP) in Strategic Thrust 3 is introduced for the purpose of major improvements in its business model and in all other areas. The objectives for OTP is to enhance and streamline core business processes and upgrade existing systems; to improve manpower productivity level and develop and implement manpower plan towards and advisory stream. The third thrust aims to improve SSM's operational excellence so that it can provide superior service delivery to the customers and stakeholders that it serves. This would include faster response times and easier accessibility to SSM's services in due course.

Given the various initiatives, reforms and developmental initiatives undertaken in 2013, SSM is well positioned to further promote itself as a gateway for starting a business in Malaysia. Looking to the year ahead, SSM will intensify its efforts in playing its multi faceted roles to create a conducive business environment that will make Malaysia the preferred destination for doing business in this region. As the chairman of the Companies Commission of Malaysia, I wish to accord my deepest appreciation to members of the Commission for their continued contributions and commitment. I would also like to thank the Executive Management and the staff of SSM for their relentless efforts towards achieving the outcomes and milestones detailed in the pages of this year's report.

DATO' SARIPUDDIN BIN KASIM

Chairman,
Companies Commission Malaysia
9 July 2014



CHIEF EXECUTIVE OFFICER'S REVIEW OF THE YEAR

The global business landscape is constantly being influenced by factors in a ever changing business world. Therefore SSM has to be agile and quick to adapt and respond to new corporate developments. But it should be balanced as SSM treads a fine line between its regulatory enforcement actions and as a facilitator and growth catalyst to business and corporations.

Innovation and continuous improvements are imperative to SSM's forward thrusts. To support the nation's Economy Transformation Programme, SSM has in the pipeline an organisation transformation programme to transform itself to be a global corporate registrar and regulator in tandem with global business practices and to ensure that it continues to remain a relevant valued partner of business communities in Malaysia. The drive to innovate and progress constitutes the foundation to our commitment to facilitate businesses and investors with a trusted and responsive business environment.

During the year, a total of 46,321 new companies were incorporated while 329,895 new businesses were registered with SSM. At the end of 2013, there were 1,064,262 companies and 5,301,378 businesses registered with SSM. This shows an increase of 1.9% and 1.5% from the number of companies and businesses registered in 2012 which recorded 45,441 new companies and 324,761 businesses respectively. This increase is an indication that despite the Malaysian economy is experiencing a lower growth rate of 4.7% compared to 5.6% in 2012, business growth sentiment was not significantly dampened by the economic condition.

During the year, the highlights of SSM's strategic thrusts are as follows:

Limited Liability Partnerships Act (LLP) was launched on 21 February 2013 with the business community welcoming the new business vehicle with much excitement and enthusiasm. The LLP is expected to assist in reducing the cost of doing business in Malaysia while maintaining the advantages of a private limited company's limited liability status with the flexibility of a conventional partnership in managing the business.

The LLP business vehicle was well received by business communities, trade associations and professionals such as lawyers, auditors, accountants and company secretaries in Malaysia. At the end of 2013, the number of LLPs registered in Malaysia was 1,440 and the numbers are increasing in leaps and bounds. The uptrend in these figures indicates that the LLP business vehicle is accepted by the business community and that it is helping to reduce the cost of doing business in Malaysia.

During the year, SSM held its third (3rd) National Conference 2013 on 20th and 21st May 2013 in Kuala Lumpur with the theme "Corporate Governance: The New Global Language for Business." Participants gained helpful insights on industry leaders' perspectives on contemporary and dynamic thinking on the subject of corporate governance and how to leverage on corporate governance for innovations. The National Conference 2013 saw good participation from the business community and professionals with

more than 256 participants from the private and public sectors attending the conference. A total of 28 speakers and moderators presented papers during the conference. Among the papers presented were "Corporate Governance: The New Global Language for Business – Review and Comments", "The 21st Century Notion on Fiduciary Duty and Business Judgement Rule", "Integrating Corporate Responsibility into Business Operations", "Rolling in the Deep – Embracing Challenges", "Evolving Business Operations" and "Interest Schemes".

At the regional level, SSM held its inaugural SSM Regional Conference on 11th and 12th June 2013 in Kuching, Sarawak with the theme "Limited Liability Partnership and SSM Corporate Updates 2013". The purpose of the regional conference is to create awareness of new initiatives such as the LLP as a new business vehicle, the law and policies which are regulated by SSM, dynamic enforcements by SSM, transformation of the business delivery platform and interest schemes.

The conference theme focused on recent developments in SSM namely:

- (i) Introduction of a new business vehicle in Malaysia – Limited Liability Partnerships
- (ii) Regulatory law and policies that SSM regulates
- (iii) Enforcement dynamics at SSM
- (iv) Business service delivery transformation at SSM
- (v) Interest scheme: Governance and investors' protection.

The conference exposed our stakeholders to contemporary topics and issues pertaining to corporate governance beyond the conventional discussions on corporate laws and regulations. The conference will assist to mould stakeholder mindset towards becoming more sophisticated in their strategic planning and better managing their companies and businesses. The 167 participants who attended the conference gained valuable insights into the latest trends and developments affecting companies and businesses and will no doubt apply the knowledge towards strengthening their competitive edge. They will be in a better position to respond to the opportunities and

challenges in carrying on business in the present environment in a timely manner. They should also be able to network with people in the industry and learn key strategies through ethical business conduct and good corporate governance.

SSM plays an active role in providing a conducive business environment in Malaysia for domestic global investors. In order to reduce the cost of doing business and improve Malaysia's ranking in the DB2014 index, the Companies (Amendment of Schedule) Order 2013 was published in the Federal Government Gazette on 28 March 2013 pursuant to section 374 of Companies Act 1965. This amendment calls for a reduction in current fees payable from RM3,000 to RM1,000 for authorised capital exceeding RM100,000 up to RM400,000 when incorporating a company.

SSM's involvement in promoting a business environment and the impact of its role can be seen in three (3) key areas of the report, namely "Starting a Business", "Resolving Insolvency" and "Protecting Investors", where Malaysia has improved significantly to 16th position in the area "Starting a Business" in the DB2014 report compared to 54th in the DB2013 report. This elevation in ranking has contributed remarkably well to Malaysia's overall position in the DB2014 report. While Malaysia continues to maintain its 4th position in the area of "Protecting Investors", Malaysia has improved in the area "Resolving Insolvency" where it has moved from 49th in the DB2013 report to 42nd position in the DB2014 report, that is, it has notched up seven places. SSM has been working closely with the World Bank in improving Malaysia's overall ranking to the current 6th position in the "Ease of Doing Business" DB2014 index.

During the year, various legislative law reform initiatives helped to ascertain that the laws and regulations administered by SSM in keeping abreast of the changes in global business practices. SSM has been reviewing the existing Companies Act 1965 and Companies Commission of Malaysia Act 2001 and numerous public consultations were held during the year with relevant stakeholders, namely professional accountancy bodies, government agencies, statutory bodies, Malaysian Bar Council, the

business communities, trade associations and the general public to consider their views. SSM have considered all relevant feedback prior to tabling of the Bills in Parliament which is targeted to be in 2014.

The new Interest Schemes Bill is also one of SSM's regulatory reform initiatives to introduce this new Bill as standalone legislation, distinct from the current framework under the Companies Act 1965. This Bill offers a regulated business environment for an alternative mode of fund raising through interest schemes. The Bill will also assist the investing public by providing a regulated platform and consequently greater investor confidence in the schemes. The Bill is expected to be tabled in Parliament in 2014.

With regard to implementation of the existing Companies Act 1965, SSM issues practice notes (PN) to provide guidance to the corporate community especially in ensuring effective compliance. In the year, SSM issued Practice Note 16/2013 entitled "Clarification on The Procedures Relating to Lodgement of Form 24 and Form 49". Form 24 is a form lodged with SSM when a company makes an allotment of shares while Form 49 is a form lodged if there are changes in the board of directors of the company. PN 16/2013 serves to clarify the procedures and requirements relating to the lodgement of Form 24 and Form 49 with SSM.

For 2013, compliance rate is recorded at 93% compared to 90% in the previous year. Such increase was inclusive of all annual returns and financial statements due to be lodged with SSM during the year as well as those which were lodged outside the required time frame. Such positive trend reflects increased awareness amongst companies to comply with this basic and fundamental requirement of disclosures and transparencies.

Mindful of its Corporate Responsibility Agenda (SSM CR Agenda), SSM has been collaborating with the United Nations Children's Fund (UNICEF) resulting in the signing of a Memorandum of Understanding (MoU) in 2010. The MoU formalised the working relationship between SSM and UNICEF whose primary objectives are

to enhance the welfare of children in Malaysia through corporate responsibility initiatives among corporate and business communities. The relationship between SSM and UNICEF is also aligned with UNICEF's Country Programme Action Plan (CPAP) 2011-2015 where the focus of priorities are in line with the strategic directions of the Tenth Malaysia Plan (10MP) and Vision 2020.

The strategic collaboration efforts with UNICEF have led to the successful launch and publication of two (2) Best Business Practice Circulars (BBPC) and one (1) Toolkit as a guide towards promoting the welfare of children in the corporate environment. The two (2) BBPC circulars are as follows:

- (i) Best Business Practice Circular 4/2013 entitled "Education for Sustainable Development: Promoting Technical Education and Vocational Training (TEVT)"

This circular aims to promote and encourage public-private partnerships (PPP) with companies and businesses offering technical and vocational training (TEVT) especially to students who are unable to complete their education in school. TEVT will also assist in providing guidance on responsible employment of young workers in supporting children's rights based on the Children's Rights and Business Principles (CRBP) launched on 11 September 2012 in Malaysia; and

- (ii) Best Business Practice Circular 5/2013 entitled "Corporate Responsibility: Guidance to Disclosure and Reporting"

This circular promotes awareness on the importance of corporate responsibility (CR) disclosure among companies and businesses in Malaysia in line with societal demands. Further, it will encourage responsible corporate initiatives to conform to SSM's plans to introduce a new regime of reporting non-financial information in the new Companies Act in year 2014. Although developed by SSM, it is acknowledged that UNICEF provided reference materials on sustainability reporting on Children's Rights

based on the Children's Rights and Business Principles (CRBP) which was developed by UNICEF with "Save the Children" and the United Nations Global Compact.

Beside the BBPC publications, Corporate Responsibility (CR) initiatives were promoted through its Corporate Responsibility Seminar Series (CRSS) nationwide. The seminars were intended to raise awareness and encourage companies and businesses to streamline their CR activities. The initiatives have given SSM the opportunity to demonstrate to companies and businesses that CR has the potential to generate higher profits and long-term sustainability. This is also in tandem with SSM's CR Agenda to nurture CR as part of the Malaysian corporate culture as well as encourage the corporate community in Malaysia to strike a balance between profitability and creating a sustainable living environment.

At the United Nations level, SSM is committed towards good governance and development – both at domestic and international levels. SSM's strategic collaboration with UNICEF resulted in the elevation of awareness of child and family focused CSR in Malaysia among the private sector through promotion of greater awareness of business practices covering the workplace that are child-friendly, the marketplace, community and environment and encouraging research and development to find innovative solutions for children. In recognition of SSM's contribution to child and family welfare and the achievement of the "Millennium Development Goal 8 (MDG 8) – Develop a global partnership for development" SSM was awarded the United Nations Award 2013 (UN Award) on 24 October 2013 in conjunction with the celebrations of the 68th Anniversary of the United Nations. The UN Award is viewed as upholding the ideals of the UN in an exemplary manner. The event was graced by Deputy Prime Minister of Malaysia and the Education Minister, YAB Tan Sri Dato' Haji Muhyiddin Yassin.

In a move to get the corporate sector to recognise and adopt CSR as a means to enhance profit and to increase awareness on CRBP and advocate a child-friendly CSR, SSM and UNICEF organised a 1-day pilot training programme on "Corporate Social Responsibility (CSR) and Children's Rights

and Business Principles (CRBP)” at SSM’s head office on 29 October 2013. The training is expected to encourage positive changes in government linked companies, public listed companies and in small and medium enterprises. The sessions were facilitated by UNICEF and following the training, SSM-UNICEF also organised Training the Trainers (ToT) sessions for the corporate sector.

To further enhance SSM’s services delivery, on 18 February 2013, SSM had launched its contact centre which was set-up to cater for the increasing number of calls made to SSM’s customer service lines. The contact centre is open daily except on public holidays with its operating hours being 8.15am to 5.15pm.

As part of SSM’s ongoing proactive effort for Persons with Disabilities (OKU), the package which offers incentives in the form of fees waiver for registration and renewal of businesses for OKU was maintained throughout 2013. The programme was launched on 23 October 2012 and for the year 2013, there were 3,181 transactions with a waiver of fees valued at RM124,560.

In 2013, the number of transactions recorded for e-info online services were 1,579,812 with 530,590 transactions relating to business information and 1,049,222 transactions for company information

giving a total revenue of RM15.8 million. This is an increase of 8% compared to 2012 and the current trend shows that online transactions may continue to increase in the near future.

Further, as a supplier of corporate and business information to the public, international e-Info web page hits continued to increase yearly with 80,143 hits in 2013, an increase of 4% over 2012. However, with the implementation of mandatory incorporation of company through MyCoLD in May 2013 and introduction of Limited Liability Partnerships (LLP) as a new vehicle of doing business since February 2013, e-lodgement transactions have shown a decline of 36% in the year with 78,613 transactions [2012: 123,204 transactions].

On 18 March 2013, SSM signed a MoU with Kolej Universiti Islam Malaysia (KUIM) in Melaka with the objectives of expanding the training programmes of SSM’s training academy, COMTRAC, to institutions of higher learning in Malaysia and to promote the corporate governance culture among the students. In addition, COMTRAC’s module entitled “Company Secretary Training Programme Essential (Parts A, B and C)” has been incorporated into KUIM’s Diploma in Innovation Management Module, effective for the years 2013 to 2017. The event was graced by YAB Datuk Seri (Dr.) Haji



SSM Service Excellence Award was held on 1 July 2013.



5 star rating for Malaysia Government Portals and Websites Assessment (MGPWA) 2013 awarded to SSM by Multimedia Development Corporation (MDeC).

Mohd Ali Rustam, the Chief Minister of Melaka, YBhg Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee and other dignitaries. The MoU reflects yet another milestone achievement for SSM in the areas of training and education.

SSM chalked up another historic achievement on 18 June 2013 when it signed a MoU with Universiti Teknologi Mara (UiTM). UiTM, through its Accounting Research Institute, to undertake research on non-profit organisations' (NPO) level of corporate governance, their operations and weaknesses. As an NPO operates as a public company limited by guarantee, the research includes a review of the level of corporate governance and their financial reporting framework. Emanating from this research, guidelines may be issued for NPOs to prepare their financial statements in compliance with international accounting standards. To pre-empt NPOs from being used by some quarters as a source of funds for money laundering and terrorism financing. The MoU will pave the way for proactive initiatives using a risk based approach to curtail money laundering activities and terrorism financing.

SSM was awarded the top three (3) prizes for the Best Innovation Award at agency level on Innovation Day 2013 organised by the Ministry of Domestic Trade, Co-operatives & Consumerism

(MDTCC). SSM won first prize for the Corporate and Business Information Data Project (CBID), second prize for the Limited Liability Partnerships Introduction Programme and third prize for its Easybiz Kiosk Project. In addition to these awards, SSM also received the best Quality Environment Practice 5S Award at agency level under MDTCC.

Besides working towards making Malaysia the preferred destination of choice for businesses and foreign investments through effective service delivery, and in line with e-Government's initiatives, Malaysia Government Portals and Websites Assessment (MGPWA) 2013 has given SSM's website a 5-star rating. The Excellence Award for website with a 5 star rating by Multimedia Development Corporation (MDeC) was awarded to SSM in 2013. The evaluation was done over a period of eight (8) years on 232 government web portals and 1,053 websites.

As part of Malaysia's on-going efforts to curb illegal money laundering activities and terrorism financing, a seminar on Anti-money Laundering and Counter Financing of Terrorism (AML/CFT) with the theme "Towards Better Governance of Non Profit Organisations in Malaysia" was held jointly organised with the Registrar of Societies (ROS) on 14 November 2013. More than 250 participants from NPOs, GLCs and other government organisations attended the seminar

which was graced by Dato' Sri Hasan Malek, the Minister of MDTCC and other dignitaries. The seminar undoubtedly served as a platform for regulators, law enforcement agencies and management of NPOs to gain insights into new regulations issued by international enforcement agencies on the AML/CFT regime. The emphasis is on good corporate governance amongst NPOs.

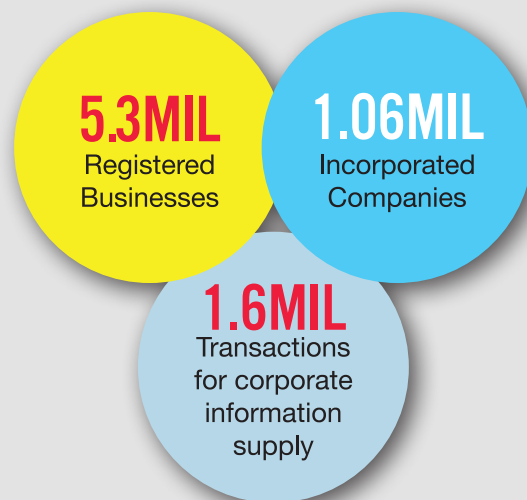
In 2013, SSM continued with the development of a digitalised company financial reporting system based on the eXtensible Business Reporting Language (XBRL) format. XBRL is a freely available global standard for exchanging business information that allows for the expression of a semantic meaning commonly required in business reporting and exchange of financial information.

SSM has been actively developing its XBRL taxonomy since last year based on internationally accepted accounting standards, namely the International Financial Reporting Standards (IFRS), the Malaysian Financial Reporting Standards (MFRS), Private Entity Reporting Standards (PERS) and the Companies Act. SSM plans to introduce the XBRL financial reporting format, initially on a voluntary basis in 2016 and subsequently make it mandatory, at a date determined by the Registrar.

As part of the Government's efforts to develop and enhance the skills of small business operators and hawkers, MDTCC and SSM held a series of talks for them in 2013. The talks, aptly named "*Kursus Pemantapan Penjaja dan Peniaga Kecil 2013*" were organised in various states throughout Malaysia and were well received. Held in Selangor, Kedah, Melaka, Terengganu, Johor, Kelantan, Negeri Sembilan, Sabah, Sarawak, Penang, each session saw participation exceeding 900 persons.

The implementation of the mandatory use of MyCoID for the incorporation of companies in the states of Selangor, Federal Territory of Kuala Lumpur and Negeri Sembilan and UTC Pudu Sentral since 16 May 2013 has resulted in the increase online transactions. There were 17,458 companies incorporated using the MyCoID system, representing an increase of 30.7 times compared to 2012-yet another successful and innovative service delivery by SSM to its stakeholders. This service has been scheduled to be extended to other states in 2014.

Besides MyCoID, another online service enjoyed by SSM's stakeholders is e-Lodgement. The overall number of e-Lodgement transaction in the year 2013 was 67,383 compared to 90,853 transactions in the previous year. These reflect a 25.8% decline with name search and new business registration contributing significantly to the decline. Nonetheless, the number of transactions for name search and new business registration remain the highest two (2) categories of e-Lodgement transactions.



In supporting the National Agenda, two (2) additional SSM business centres were set up in Kuantan and Alor Setar Urban Transformation Centres (UTC). The total number of business centres is now four (4) with the other two (2) business centres being located in Melaka UTC and Kuala Lumpur UTC.

It is of utmost importance that a strong and reliable regulatory framework underpins the quality and integrity of SSM's information services and products. SSM will steadfastly continue to support reform processes towards ensuring that the regulatory environment administered by SSM is of international standing, business friendly and reliable.

I wish to emphasise the significance of law reforms like the new Companies Bill, Interest Schemes Bill and Companies Commission of Malaysia (Amendment) Bill in strengthening SSM's collaborative efforts with other regulators and stakeholders who play key roles in transforming doing business in Malaysia. I believe 2014 will

be a challenging year ahead but with the full commitment and support from SSM's board, management and staff, I am confident that SSM will continue to march steadily towards its goal of being a world class corporate registry and regulatory authority.

To conclude, I wish to take this opportunity to express my appreciation to our Commission members for their guidance and to the Executive management team for their support in making 2013 a fruitful year. I also would like to thank SSM's workforce for their loyalty and dedication towards attaining new heights in doing business for Malaysia.

DATO' MOHD NAIM BIN DARUWISH

Chief Executive Officer,
Companies Commission of Malaysia
30 June 2014



COMPANIES COMMISSION OF MALAYSIA (SSM) MEMBERS

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

During the year, the Commission Members convened a total of seven (7) meetings to consider and approve various important matters including long term plans, strategic initiatives and to review the established KPIs. The Commission Members view good governance and best practices as being of utmost importance and ensure that these principles are intrinsic to the various functions and duties that SSM Management carries out.

The details of the meetings held for the year 2013 are as follows:

Members	68th Meeting 1 Mar 2013	69th Meeting 10 Apr 2013	70th Meeting 5 Jul 2013	71st Meeting 26 Sept 2013	72nd Meeting 11 Nov 2013	Special Meeting 1/2013 26 Nov 2013	Special Meeting 2/2013 23 Dec 2013	Total Attendance
YBhg. Dato' Saripuddin bin Kasim	Attend	Attend	Attend	Attend	Attend	Attend	Attend	7/7
YBhg. Tan Sri Idrus bin Harun	Attend	Attend	Attend	Attend	Attend	Attend	Attend	7/7
YB Datuk Hj. Sapawi bin Hj. Ahmad	Absent	Absent	Absent	Absent	Absent	Absent	Absent	0/3
YBhg. Prof. Dato' Dr. Aishah binti Bidin	Attend	Attend	Attend	Attend	Attend	Attend	Attend	4/7
YBhg. Datuk Jason Lau Beng Wei	Attend	Attend	Attend	Attend	Attend	Attend	Attend	4/7
YBhg. Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee	Attend	Attend	Attend	Attend	Attend	Attend	Attend	6/7
YBhg. Datuk Idris bin Abdullah	Absent	Attend	Attend	Attend	Attend	Attend	Attend	5/7
YBhg. Puan Laila Wathiqah binti Judin	Attend	Attend	Attend	Attend	Attend	Attend	Attend	5/7
YBhg. Dato' Mohd Naim Daruwish	Attend	Attend	Attend	Attend	Attend	Attend	Attend	7/7



Attend



Absent



MEMBERS

COMPANIES COMMISSION OF MALAYSIA (SSM)



From left to right:

Dato' Saripuddin Bin Kasim - Chairman (until 15 January 2014), **Tan Sri Idrus Bin Harun**, **Prof. Dato' Dr. Aishah Binti Bidin**, **Datuk Hj. Sapawi Bin Hj. Ahmad**, **Dato' Mohd Naim Daruwish**, **Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee**, **Datuk Jason Lau Beng Wei**, **Datuk Idris Bin Abdullah**, **Puan Laila Wathiqah Binti Judin**, **Datuk Datu Nasrun Bin Datu Mansur** (effective 1 December 2013)

**YBHG. DATO' SARIPUDDIN BIN KASIM
(CHAIRMAN)**

Dato' Saripuddin bin Kasim holds a Master in Business Administration from the University of Hartford, USA, as well as a Bachelor in Economics (Hon) from University of Malaya. He was appointed Chairman of the Companies Commission of Malaysia with effect from 16 January 2012. He began his career as an Assistant Director in the Ministry of Trade and Industry in 1982. From 1984 to 2001, he held the posts of Assistant Secretary, Ministry of Public Enterprises; Assistant Registrar, INTAN; Principal Assistant Director, Public Services Department; and later as Special Officer to the Director General of Public Services.

In 2001, Dato' Saripuddin continued his career in Tokyo as the Counsellor at the Embassy of Malaysia. After serving 3 years in Japan, he was sent to the High Commission of Malaysia in London as the Attaché for Education and Training.

On returning to Malaysia in 2006, he served the Ministry of Women, Family and Community Development, and in 2010 became the Director General of Legal Affairs Division in the Prime Minister's Department. In December 2011, he assumed the post of Secretary General, Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC). As the Secretary General of MDTCC, Dato' Saripuddin also serves as a Commission Member of the Malaysia Competition Commission (MyCC), Board of Directors of the Malaysia Co-operative Societies Commission (SKM) and Bank Rakyat.

YBHG. TAN SRI IDRUS BIN HARUN

Tan Sri Idrus bin Harun was appointed a Commission Member in April 2002. He holds a LLB (Hons) Degree from the University of Malaya. He began his career as a Legal Officer in 1980. Tan Sri Idrus has since served in various senior positions, including the Senior Assistant Registrar of the Kuala Lumpur High Court, Sessions Court Judge in Kota Kinabalu, Deputy Public Prosecutor of the Attorney General's Chambers, Legal Advisor for the State of Terengganu, Senior Federal Counsel of the Anti-Corruption Agency and Legal Advisor for the Election Commission. He was the Registrar of Companies from 1998 to 2002. Thereafter he resumed his service at the Attorney General's Chambers as Head of the Advisory and International Division and as Parliamentary Draftsman before being appointed to his current position as Solicitor General.

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

Y.B. DATUK HJ. SAPAWI BIN HJ. AHMAD

Datuk Hj. Sapawi was appointed a Commission Member effective 20 July 2009. He is a Business Administration (Hons) graduate with a major in History from the National University of Malaysia. Prior to his involvement in politics, Datuk Hj. Sapawi had a career in education for nearly 20 years before he was appointed 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, Sabah.

YBHG. PROF. DATO' DR. AISHAH BINTI BIDIN

Prof. Dato' Dr. Aishah was appointed as a Commission Member effective 1 January 2011. She is a Professor of Corporate and Insolvency Law and currently the Dean of the Faculty of Law at the National University of Malaysia. Her areas of specialisation include company and corporate finance law, securities regulation, bankruptcy and insolvency law. She has been lecturing on company and partnership law since 1989, and currently her areas of interest also include environmental and corporate regulation. Prof. Dato' Dr. Aishah has written for various local Malaysian and British academic journals on company and corporate finance, securities and insolvency law. Prof. Dato' Dr. Aishah obtained her LLB (Hons) from University of Malaya, Master in Law from the University of Kent and her PhD in Law from the University of London.

Prof. Dato' Dr. Aishah was a member of the Malaysian Corporate Law Reform Committee (CLRC). Currently she is the Legal Advisor to UKM Holdings, the Corporate Arm of National University of Malaysia. She is also the Chairman for the Advisory Panel of COMTRAC (Training Academy for Companies Commissions of Malaysia), Advisory Board member for MLTIC (Malaysian Legal and Tax Information Centre), a member of the Board of Directors of Yayasan Bantuan Guaman Kebangsaan (YBGK) and a member of the Intellectual Property Advisory Board of UKM. Prof. Dato' Dr. Aishah also serves as a Commissioner for the Human Rights Commission of Malaysia (SUHAKAM).

Y.B. DATUK DATU NASRUN BIN DATU MANSUR

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

YBHG. DATUK JASON LAU BENG WEI

Datuk Jason Lau Beng Wei was appointed a Commission Member on 16 January 2012. He holds a Bachelor's Degree in Electrical Engineering from Universiti Teknologi Malaysia, and a Master's degree in Business Administration (International Business) from Universiti Putra Malaysia. He is a successful entrepreneur, having ventured into a diverse range of businesses such as engineering, construction, coal mining, information technology, telecommunication and many others.

Datuk Jason Lau is the Director of Royce Pharma Holdings, as well as the President and Chief Executive of Discovery Mining and Renewable Energy Incorporated of the Philippines. He is currently the Chief Executive of Varia Engineering & Services Sdn. Bhd. Datuk Jason Lau was recently appointed as Adjunct Professor at Universiti Malaysia Kelantan effective November 2012.

YBHG. DATUK SERI SYED ALI BIN TAN SRI SYED ABBAS ALHABSHEE

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

YBHG. DATUK IDRIS BIN ABDULLAH

Datuk Idris bin Abdullah was appointed a Commission Member of the Companies Commission of Malaysia (SSM) effective 2 July 2012. He holds an LLB (Hons) degree from University of Malaya and began his career in 1981.

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

Y. BRS. PUAN LAILA WATHIQAH BINTI JUDIN

Puan Laila Wathiqah Judin holds a Bachelor Degree in Economics (Hons) and was appointed as a Commission Member effective 19 October 2012. She began her career in the public service in 1978 as an administrative officer before her appointment as a Diplomatic Officer in 1981. Her first attachment was in Public Service Department followed by Ministry of Housing and Local Government, Ministry of Primary Industry, the Economic Planning Unit of the Prime Minister's Department and Project Monitoring Unit (PMU) at Ministry of Finance. When she was in PMU, she was responsible to monitor the implementation of the key and high impact projects under the two Stimulus packages of 9th Malaysia Plan (2009-2012). Puan Laila Wathiqah currently is the Head of Section Administration of the Remuneration Policy and Management Division of the Ministry of Finance.

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

When Puan Laila Wathiqah was serving the Ministry of Primary Industry, she was appointed as Head of Delegation in the 9th Conference of The Parties to the United Nation Framework Convention on Climate Change at Milan, Italy (December 2003). In the same year, she headed the Malaysian delegation in ASEAN Senior Officials Meeting (ASOM) which was held in Vietnam, on co-operation of the development of forestry among ASEAN countries.

YBHG. DATO' MOHD NAIM DARUWISH

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

He was appointed as the Manager and later as the Senior Manager of the Prosecution/Litigation Division, Legal Department of the Employees Provident Fund (EPF), Kuala Lumpur. Among the positions held in EPF were the General Manager of the Enforcement Department, the Senior General Manager of Legal Department and the Senior General Manager of the Contribution Department. Dato' Mohd Naim Daruwish was appointed the Chief Executive Officer of SSM effective 1 December 2011.

He is also a board member of Labuan Financial Services Authority (Labuan FSA), the Audit Oversight Board of the Securities Commission Malaysia (AOB), Malaysian Accounting Standards Board (MASB), Financial Reporting Foundation (FRF) and the Certified Integrity Officer Accreditation Board. Dato' Mohd Naim also serves on the Board of Trustee of the National Welfare Foundation.



EXECUTIVE MANAGEMENT



EXECUTIVE MANAGEMENT



YBHG. DATO' MOHD NAIM DARUWISH
Chief Executive Officer



From left to right:

ZAHRAH ABD WAHAB FENNER
Deputy Chief Executive Officer
(Services)

MOHAMED ZANYUIN ISMAIL
Deputy Chief Executive Officer
(Operations)

MAHAMAD NASER BIN DISA
Senior Director, Enforcement (until 22
July 2013)



1



2



3

1. **KHUZAIRI YAHAYA**

Director, Information
and Communication
Technology Division

2. **NOR AZIMAH ABDUL
AZIZ**

Director, Corporate
Development and Policy
Division

3. **AMIR AHMAD**

Director, Corporate
Resources Division



4



5



6

4. **AZNORASHIQ
MOHAMED ZIN**

Director, Investigation
Division

5. **ROSLI HAJI AHMAD**

Director, Compliance
Division

6. **MUHAMAD FARIS
OTHMAN**

Director, Marketing and
Business Development
Division



7



8



9

7. **KU HAYATI KU HARON**

Director, Legal Services
Division
(effective 1 October 2013)

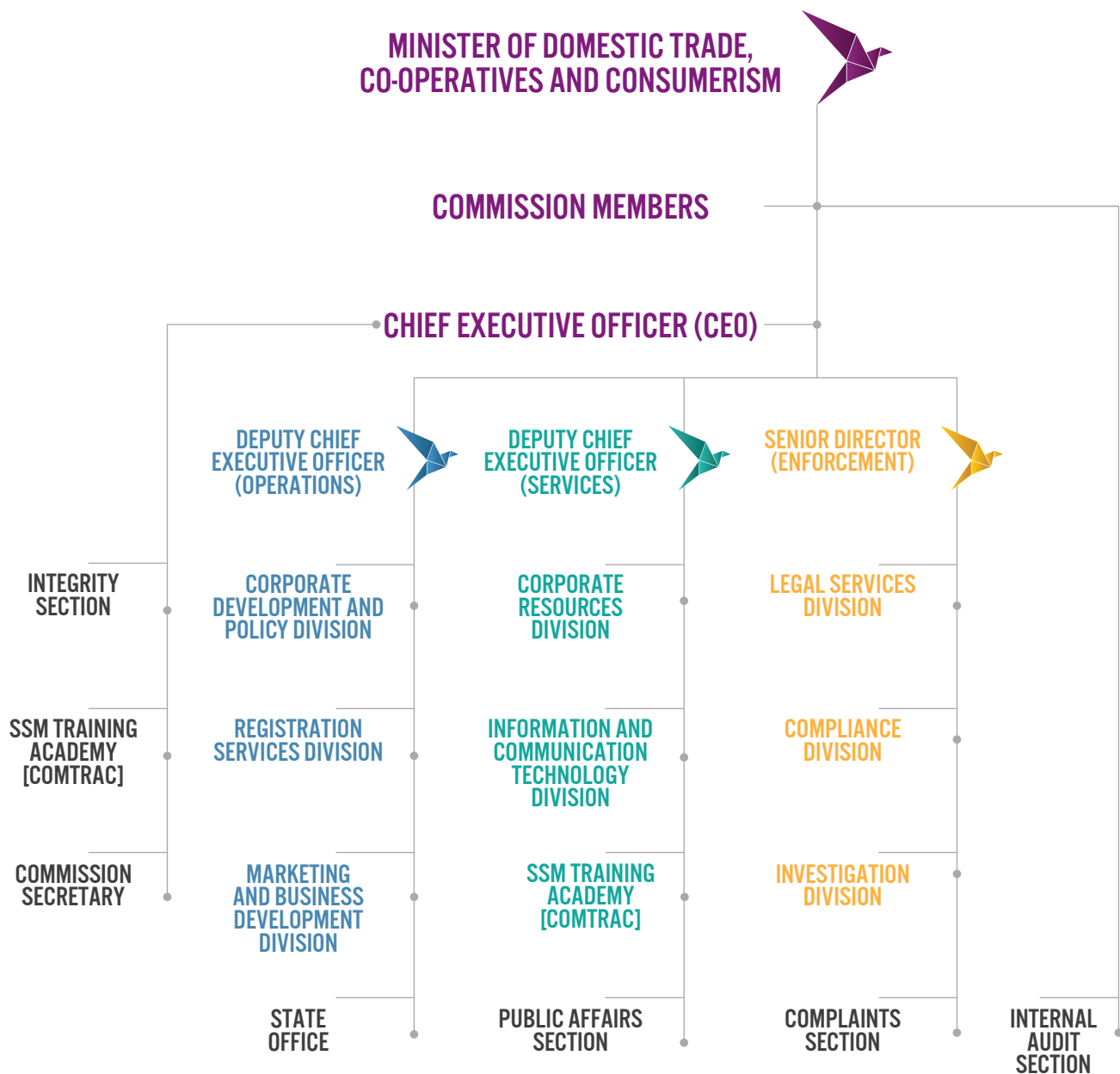
8. **NUR IZZAINI ISHAK**

Director, Legal Services
Division
(until 8 July 2013)

9. **AZRYAIN BORHAN**

Director, Companies
Commission of Malaysia
Training Academy
(COMTRAC)
(until 3 April 2013)

ORGANIZATION CHART





ECONOMIC REVIEW AND SSM'S KEY STATISTICAL ANALYSIS

2013 ECONOMIC REVIEW AND SSM'S KEY STATISTICAL ANALYSIS

Globally, though emerging and developing economies are experiencing moderate growths in 2013, the Malaysian economy has made commendable progress and is on track to attaining a high-income and developed nation status by 2020. Countries which are dependent on exports are significantly affected by weaker demand from advanced nations. The prolonged recession in the European Union nations (EU) has exacerbated the situation and had a dampening effect on the Malaysian economy, though not explicitly

Various initiatives implemented by Malaysia have resulted in a strong GDP growth with a low unemployment rate, manageable inflation and reduced reliance on exports serving as drivers of the economy. Domestic demand, in particular private investments and consumption, has emerged as a significant growth driver while exports have been diversified with greater emphasis on intra-regional trade.

Amidst the progressively volatile and difficult global economic environment coupled with the resilience of the domestic economy and improved outlook on the growth prospects of Malaysia's major trading partners, a balanced Malaysian economy expanded at a modest pace of 4.7% (2012: 5.6%), supported by robust macroeconomic fundamentals, private sector demand and an increase in exports on sound monetary and fiscal policies.

Domestic demand is expected to remain the main thrust of growth, expanding by 7.6% for the year 2013 (2012: 10.6%) and attributed to healthy growth in private consumption, capital investments and public expenditure. Private consumption grew at 7.6% in 2013 supported by favourable employment conditions and wage growth. Wages for domestic-oriented businesses in manufacturing sector improved at a rate of 10.3% (2012: 6.6%) while, wages for export oriented businesses succeeded in attaining a growth of 5% (2012: 5.2%). Public consumption rose to 6.3% (2012: 5.1%) primarily due to higher spending for supplies and services while expenditure for emoluments was maintained.

Meanwhile, in the year 2013, private investment registered a favourable two (2) digit expansion rate of 13.6% (2012: 21.9%) while public investment increased marginally by 0.7% (2012: 17.1%). Capital spending in the mining, services and manufacturing sectors by domestic and foreign investors accelerated the growth rate for private investment in 2013 with the rate being well above the average growth rate of 8.8% achieved over the past 13 years up to 2012. Although public investment registered a marginal growth, it is observed that a reduction in the Federal government's development budget weakened the growth momentum of 17.1% achieved in 2012. However, higher capital spending by public enterprises in oil and gas, transportation and energy sectors helped to soften the impact of the decline, resulting in a marginal growth of 0.7% in public investment.



Private investment, domestic demand and diversified exports played a key role in Malaysia's economic growth in 2013 and will continue to remain the key drivers in the near future in further enhancing the resilience of the nation's economy to achieve sustainable growth while ensuring the sustainability of public finances. Private-led growth and strengthening domestic resilience by way of productivity improvement and competitiveness of the economy is part of macroeconomic management in 2014. Current issues such as promoting quality investments, moving up the value chain, enhancing exports, increasing productivity, accelerating innovation, improving public service delivery and pursuing fiscal sustainability are being addressed. Therefore Malaysia's forecasted economic growth is anticipated to be approximately 5% in the year 2014, after taking into consideration these initiatives.

REGISTRATION OF BUSINESSES

The number of new businesses, registered in 2013 increased by 1.6%, against the previous year, which recorded a total of 324,761 registrations. In the year 2013, SSM experienced the highest number of business registrations since the inception of SSM with 329,895 business registrations.

Various incentives such as Microcredit Scheme introduced by the Government contributed to the increase in business registrations during the year. Against the realization that hawkers and petty traders play an important role in contributing to the nation's economic development by providing affordable goods and services to the public, the Microcredit Scheme for hawkers and petty traders was announced by the Domestic Trade, Co-operatives and Consumerism Minister, Dato' Sri Ismail Sabri Yaakob, in March 2013. The Government allocation of more than RM50 million for the scheme has seen overwhelming response from the hawkers and petty traders. Hawkers and petty traders who are eligible can obtain interest-free loans up to RM50,000 with a repayment period up to 108 months under the scheme.

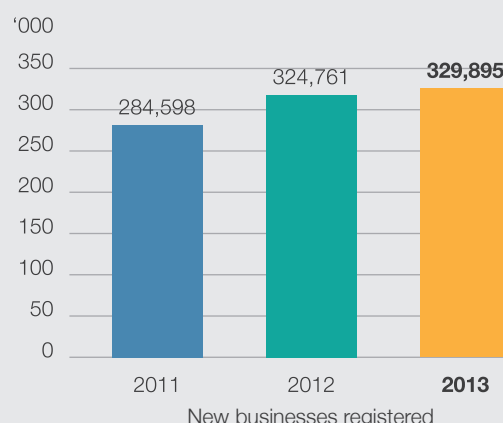
Another incentive enjoyed by businesses is the 1Malaysia National Hawkers and Petty Traders (P1MPIN) insurance scheme. P1MPIN is a group insurance scheme introduced by the Ministry of Domestic Trade, Co-operatives and Consumerism through Bank Rakyat and Syarikat Takaful Ikhlas Sdn. Bhd. The 24-hour group insurance coverage is provided free of charge as part of the incentive to small business owners registered with SSM.

During the year, 327,288 applications for business registration renewals were received (2012: 793,123) a 58.7% reduction in applications received in 2012. The decline in the application for renewals is attributed to the incentive package for Registration and Renewal of Business Registration that came into place during the June to December 2012 period. Business registration renewals during the period not only enjoyed a reduced fixed rate of RM50 for a 5 year renewal term, but also a reduction in compounds for non-compliance offences. Hence there was a surge in applications of business renewals for a 5-year period with 511,565 applications received during the incentive period in 2012 where renewals were made for a period of five (5) years.

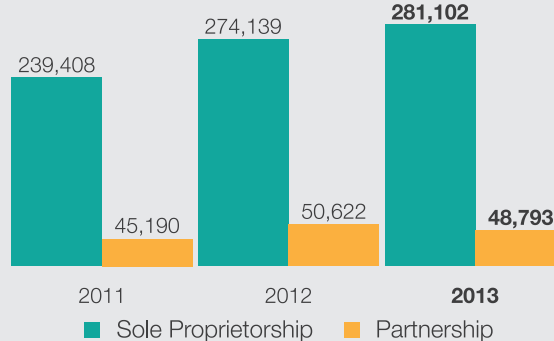
Number of Business Registrations and Renewals in 2012 and 2013

Activities	2013	2012	Increase (%)
New registration	329,895	324,761	1.6 %
Renewal	327,288	793,123	-58.7%

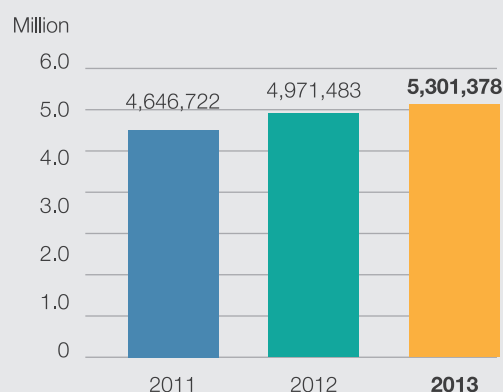
Total Registration of New Businesses in the year (Sole Proprietorship and Partnership)



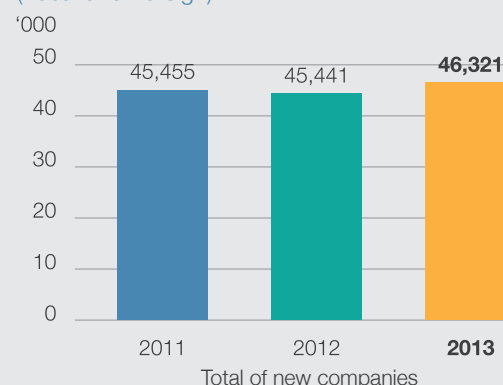
Registration of New Businesses (Sole Proprietorship and Partnership)



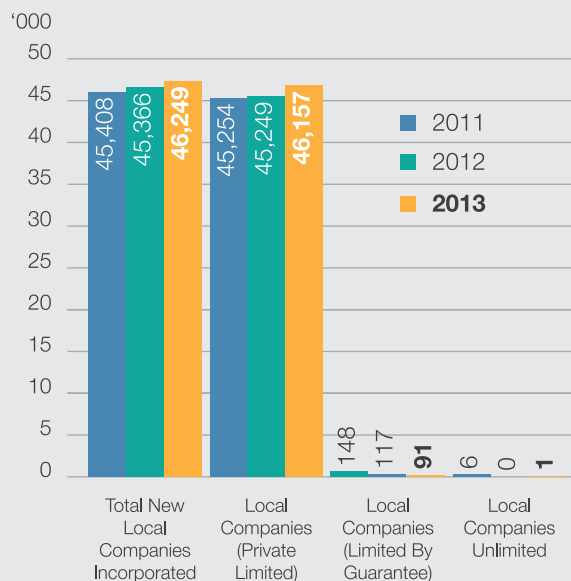
Total Number of Businesses in 2011, 2012 and 2013



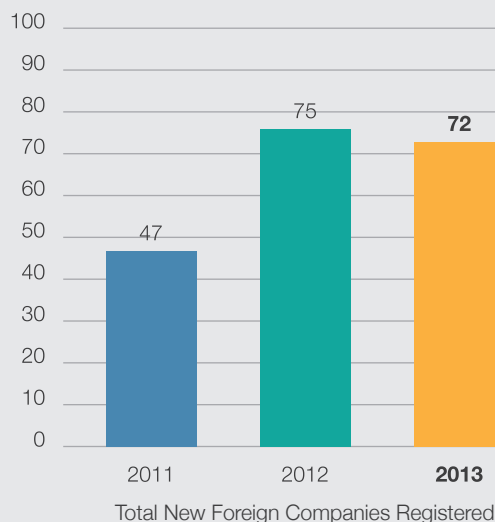
Total Registration of New Companies (Local and Foreign)



Registration of New Companies (Local)



Registration of New Companies (Foreign)



INCORPORATION OF COMPANIES

The number of companies incorporated in 2013 was 46,321 (2012: 45,441), of which 46,249 (2012: 45,366) were local and 72 (2012: 75) foreign companies. Compared to 2012, an increase of 1.9% is observed in the total number of companies incorporated. The global economy grew at a modest pace in 2013. This is attributed to a combination of factors that led to growth moderation in emerging and developing countries. The extended recession in the European Union (EU) had weakened demand from advanced nations while a surge in credit coupled with high inflation and rising interest rates in China and India had dampened investment and growth in Malaysia. Various projects were initiated to ease the impact and some of them are as follows:

- Iskandar Malaysia
- Northern Corridor Development Project under the Northern Corridor Economic Region (NCER)
- The East Coast Development Project under the East Coast Economic Region (ECER)
- Sabah Development Project under the Sabah Development Corridor (SDC)

- Project Development Central Sarawak under the Sarawak Corridor of Renewable Energy (SCORE)

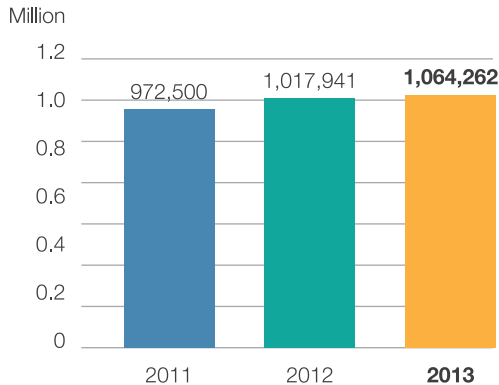
A total of 72 foreign companies was registered in 2013 compared to 75 in 2012, reflecting a marginal decline of 4% in foreign companies registered.

Number of Newly Incorporated Companies (Local and Foreign) from 2011 to 2013

Year	Number of New Local Companies Incorporated	Number of Foreign Companies Registered
2013	46,249	72
2012	45,366	75
2011	45,408	47

The total number of companies registered as at 31 December 2013 was 1,064,262 companies compared to 1,017,941 companies on the register for 2012.

Total Companies Registered for 2011, 2012 and 2013



INCORPORATION OF COMPANIES BASED ON SECTORS

SERVICES SECTOR

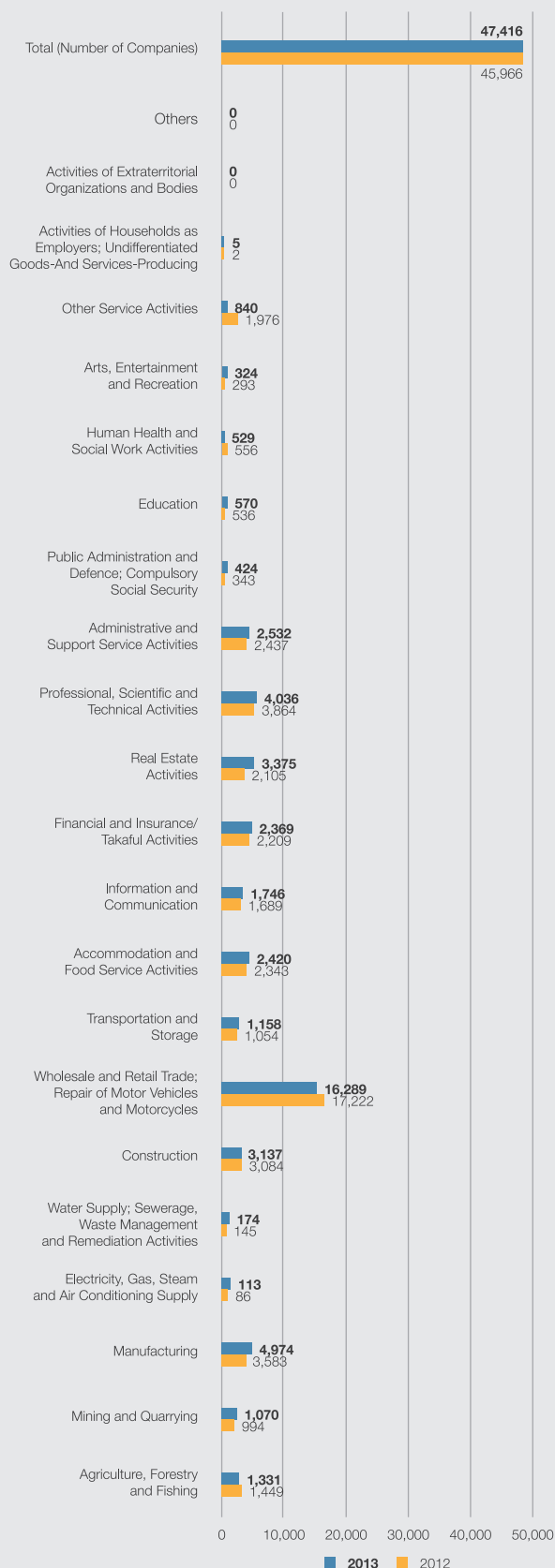
The services sector continued to be a major contributor to national economic development, accounting for 5.9% of the national GDP in 2013. Although the number of incorporated companies in this sector decreased marginally by 1.68% to 27,609 (2012: 28,080), the services sector recorded the highest number of companies registered with SSM in 2013. The services sector comprises education (570), real estate activities (3,375), financial activities and insurance/takaful (2,369), information and communication (1,746), accommodation and food service activities (2,420), wholesale and retail trade, repair motor vehicles and motorcycles (16,289) and other service activities (840).

An analysis of the incorporation of new companies in this sector indicates that the wholesale, retail trade and repair subsectors had the highest number of companies incorporated (59%) followed by real estate activities (12.2%), accommodation and food service activities (8.8%) and financial activities and insurance/takaful (8.6%).

Apart from healthy domestic demand, private consumption and capital expenditure are expected to increase in 2014. Consumption-related activities such as retail trade, accommodation and restaurants are expected to increase with moderate domestic spending and a projected higher influx of tourists in conjunction with Visit Malaysia Year 2014. Growth in the services sector will be supported by activities related to production, namely wholesale, transport and storage in tandem with an uptrend wave of external trade activities. Finance and insurance sub-sector growth will be driven mainly by the insurance segment while continuing demand for financing by businesses will underpin growth in the financial segment.

46,321
NEW INCORPORATION
OF COMPANIES
1.06 MILLION
TOTAL NUMBER
OF COMPANIES

Companies Registered According to Business Category based on Malaysia Standard Industrial Classification 2008 (MSIC 2008) for 2013



AGRICULTURE SECTOR

The agriculture sector is expected to grow steadily at a rate exceeding 2.1%, supported by a significant increase in crude palm oil (CPO) output. The Malaysian palm oil industry had progressively moved up the value chain with a focus on downstream activities thus creating new channels for export earnings and promoting the growth and use of sustainable oil palm products by way of development of palm oil industrial clusters (POICs). The main objective of POIC is to encourage downstream activities such as biofuels, oleochemicals, biofertilisers, specialty food products, biomass products, nutraceuticals and pharmaceuticals.

Measures initiated by the Government to increase food production had a positive impact on the agriculture sector with a higher output of food commodities such as vegetables, paddy and fruits. Further growth is expected with the increasing yield following adoption of good agricultural practices, promotion of self-sufficiency in food production, favourable weather conditions and strong domestic demand. Production of food commodities comprising livestock, other agriculture and fishing remain the key thrusts of the agriculture sector. However, the total number of companies in 2013 in this sector decreased marginally by 8.14% to 1,331 compared to 1,449 in 2012.

MANUFACTURING SECTOR

The manufacturing sector grew 3.4% in 2013, supported mainly by a strong expansion of domestic-oriented industries. The outlook for the manufacturing sector is positive and domestic-oriented industries, in particular, user-related groups such as food and transportation benefited from the growth. Export-oriented industries registered a slower growth, but in line with robust private investment, the sector continued to attract domestic and foreign investments.

The number of new incorporated companies in the sector increased by 38.82% to 4,974 companies compared to 3,583 last year.

MINING SECTOR

The mining sector experienced a marginal decline in growth rate in 2013 due to lower prices of crude oil, natural gas and condensates. Growth in the mining sector was at a lower rate of 0.5% compared to 1.4% achieved in the previous year. Investment in the mining sector will be sustained by the ongoing construction of production facilities under the deep water projects and investments in marginal fields. Additionally, the exploration and discovery of new fields are sustained by stable energy prices. The number of companies incorporated under this sector increased by 7.65% compared to 994 in 2012.

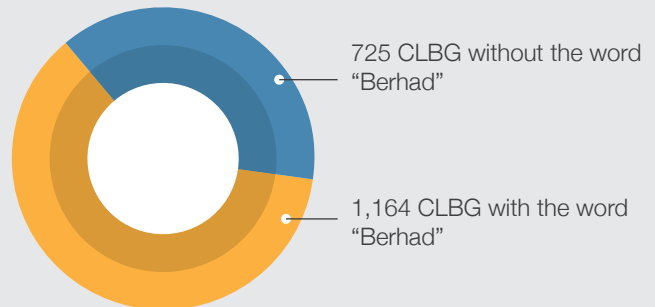
CONSTRUCTION SECTOR

Growth in the construction sector remained strong, supported by activities in the non-residential and residential sectors. In addition, growth was driven by the ongoing implementation of infrastructure projects and corridor development, namely the Besraya Eastern Extension, Seremban-Gemas-Johor electric double-tracking projects and extension of the Kelana Jaya and Ampang Light Rail Transit (LRT) lines, Express Rail Link (ERL) from KLIA to KLIA2 as well as Economic Transformation Programme (ETP) projects like Tanjung Bin and Manjung coal-power plants. The impact of these projects resulted in a GDP growth of 10.9% recorded in 2013 in the construction sector. During the year, a total of 3,137 new companies were incorporated reflecting a growth of 1.72% over the previous year. With the near completion of some major infrastructure projects such as the Second Penang Bridge, Manjung coal-power plant and Ipoh-Padang Besar electric double-tracking project, it is envisaged that the sector will only enjoy a moderate growth with support mainly coming from projects such as Sabah Oil and Gas Terminal (SOGT) and Sabah-Sarawak Gas Pipeline (SSGP), phase 1 of Sungai Buloh-Kajang MRT line works, extension of LRT lines and Keretapi Tanah Melayu Berhad (KTMB) Komuter line Subang Jaya-Sungai Buloh (Phase 1) in 2014.

COMPANY LIMITED BY GUARANTEE (CLBG)

As at 31 December 2013, a total of 1,889 CLBGs was incorporated with the details being as follows:

Total Companies Limited By Guarantee According To Types



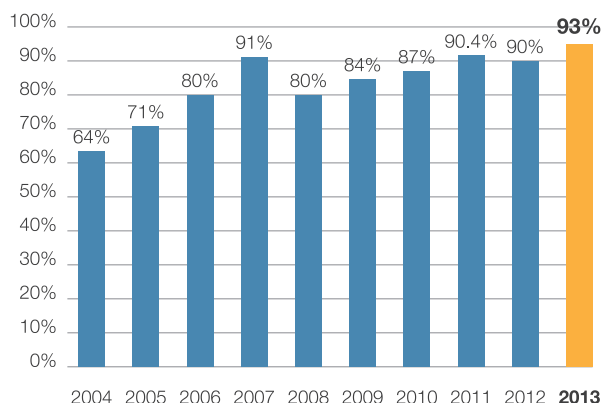
- CLBG with the word "Berhad": The company has the word "Berhad" at the end of the name as any other public company.
- CLBG without the word "Berhad": The company received consent or license from the Minister under section 24 CA'65 to be exempted from using the word "Berhad" at the end of its name.

COMPLIANCE RATE

Efforts by SSM over the years in enhancing the compliance level for companies via its educational and outreach programmes nationwide together with balanced enforcement has resulted in consistent positive improvement since 2008. In the year 2013, SSM achieved a compliance rate of 93% (2012: 90%) for the submission of annual returns by all companies. The rate of 93% achieved is so far the highest and it includes the lodgement of all annual returns accompanied by audited financial statements and other statutory requirement of certificates and documents with SSM which encompass lodgements during the year as well as those lodged outside the required time frame, in accordance to section 165 of the Companies Act 1965. Since the issuance of the first practice note in 2008, that is, Practice Note 1/2008, various practice notes issued over the years have helped to elucidate the compliance requirements of a company. In addition, the consistently high compliance rates achieved reflect the effectiveness of SSM initiatives in creating awareness among directors of companies on adopting good corporate governance and corporate responsibility for transparency and accountability. Further, all corporate and financial information maintained by SSM will be up-to-date and this is important for the company's clients, potential investors, financial institutions and government agencies in making business decisions, investments, loans and economic planning. This augurs well for SSM as one of its core functions is to serve as a repository of corporate information in Malaysia.

93%
COMPLIANCE RATE

Compliance Rate



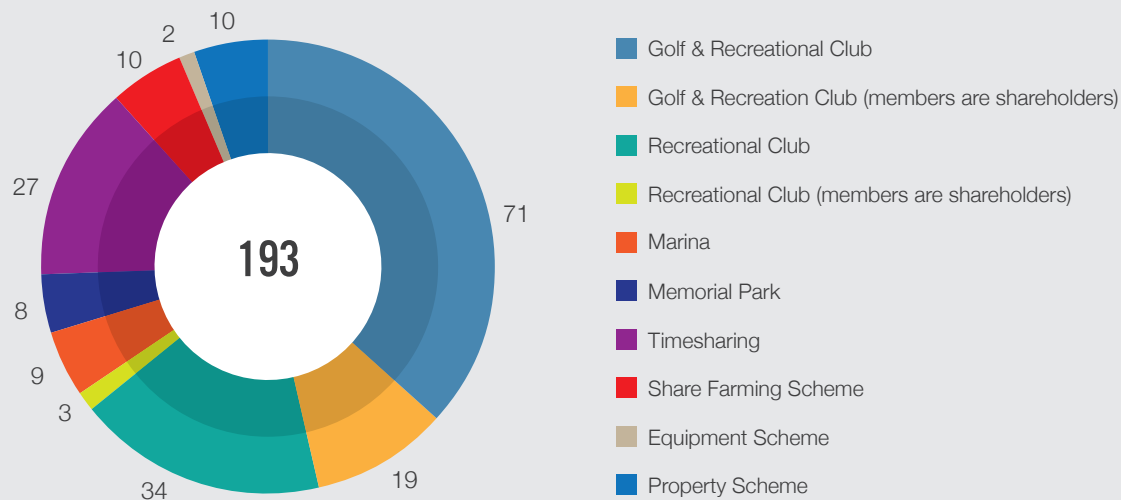
INTEREST SCHEME

In 2013, of the 16 applications reviewed, SSM approved and registered 6 schemes. The total number of approved interest schemes as at 31 December 2013 totalled 193 schemes.

Of the total, 65.8% of the schemes comprises golf and recreational club schemes followed by timesharing schemes (14%). Registration of memorial park schemes increased by 60% to eight (8) while property schemes and share farming schemes increased by 25% and 11.1% to ten and eight (8) schemes respectively. The overall value of the schemes registered in 2013 was RM16.01 billion.

In 2013, SSM's ongoing review of Interest Scheme Companies for compliance with provisions of the law resulted in the application of four (4) existing schemes being terminated via their Deed of Termination and two (2) other schemes being made inactive. SSM aims to ensure that such applications do not breach any of the provisions under the law or under the Trust Deed and that all the relevant procedures are complied with. SSM will continue to monitor new and existing schemes to ensure that compliance with existing interest scheme laws, rules and regulations as more interest schemes are expected to seek registration in the near future.

Categories of Registered Schemes in 2013



Registration of Different Types of Interest Schemes (2011 to 2013)

No	Categories	2013	2012	2011
1.	Golf & Recreational Club	71	71	71
2.	Golf & Recreation Club (members are shareholders)	19	19	19
3.	Recreational Club	34	34	33
4.	Recreational Club (members are shareholders)	3	3	3
5.	Timesharing	27	27	26
6.	Marina	9	9	9
7.	Memorial Park	8	5	3
8.	Share Farming Scheme	10	9	6
9.	Equipment Scheme	2	2	1
10.	Property Scheme	10	8	1
Total		193	187	172

DELIVERY OF CORPORATE INFORMATION

Supply and delivery of timely and accurate corporate information are significant for the stakeholders of SSM as the corporate environment is becoming more and more complex. Timely submissions of annual returns and corporate information will keep the corporate information current and reliable. During the year, income increased by 13% to RM2.5 million for the year 2013 (2012: RM 2.2 million). The increase in revenue is a clear indication that business communities increasingly depend on SSM for corporate information which is reliable, relevant and timely.

WINDING UP AND STRIKING-OFF OF COMPANIES

Given the volatile economic environment and global uncertainties, year 2013 saw a 6.7% marginal increase over the previous year in the number of companies being wound up. A total number of 2,581 companies (2012: 2,419 companies) were wound up in 2013, which 1,378 companies were wound up voluntarily by members and creditors whilst the remaining 1,203 were wound up with way of court order.

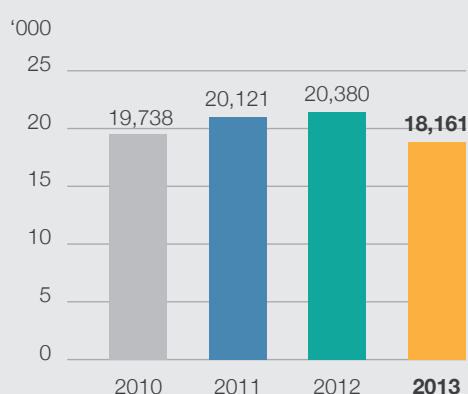
The number of companies dissolved through the striking off process increased from 14,673 in 2012 to 23,849 companies this year, an increase of 62.5%. The increase is attributed to the concerted efforts by SSM in taking action against dormant companies for non-compliance offences.

Year	2013	2012	2011
Companies wound up	2,581	2,419	1,653
Companies struck off (S. 308)	23,849	14,673	130,832

TERMINATION OF BUSINESS

The number of businesses terminated in year 2013 decreased marginally by 10.9% to 18,161 compared to 20,380 in 2012. SSM's records show that on average, the number of businesses terminated per year over the last three years (2011-2013) is 19,554 indicating no major fluctuations over this period. Further, the average number of new businesses registered was 313,085 businesses per year. The relatively small percentage of business terminated indicates that most of the businesses are resilient and succeeded in maintaining their business activities in tandem with the nation's economic development and expansion.

Termination of Businesses from 2010 to 2013





MANAGEMENT REPORT

REPORT ON SERVICE DELIVERY

In the last decade, transformation initiatives aimed at improving service delivery in the public sector have received extensive attention. Rising customer expectations, budgetary constraints, limited investment inflow, public sector transformation programmes and changing demographics have transformed the environment in which the public sector operates. These changes have created new opportunities while breaking down old constraints. Meanwhile the ever increasing expectations of stakeholders – expectations which transcend the economic status, geographical locations and methods of managing and delivering these services – underpin the demand for a better service delivery system in the public sector.

Given the changes in expectations, SSM is increasingly required to redefine its role, strengthen its stakeholders' focus and build an integrated service delivery systems based on meeting stakeholders needs more efficiently and effectively. SSM had always maintained the business community and stakeholder's expectations at the core of its planning, right from strategic formulation to design and execution. In 2012, SSM initiated a transformation programme through its newly created "Management Transformation Section" that has been tasked with putting in place improved, value-for-money processes that are "business friendly" and reduce wastage and duplication. This has led to a pleasant and effective 'stakeholder experience' when interacting with SSM.

INTRODUCTION OF LLP (MYLLP)

The Limited Liability Partnerships (LLP) was officially launched by the Minister of Domestic Trade, Co-operatives and Consumerism on 21 February 2013 and the registration of the LLP as a business model has seen a tremendous increase. The business community sees it as an effective vehicle to conduct their business and reduce the cost of doing business in Malaysia. As of 31 December 2013, SSM successfully registered 1,440 LLPs which is an increase of 620%, a number that far exceeded SSM's expectations of the acceptance of the LLP by the business community. The number of LLPs registered reflects the huge success of the awareness programmes which were held nationwide during the year.

LLP Transactions

Transactions	2013
Name Search	1,380
Registration	1,440

REDUCTION IN FEES

To improve Malaysia's ranking in the World Bank's 'Ease of Doing Business' DB2014 index, the Companies (Amendment of Schedule) Order 2013 was published in the Federal Government Gazette on 26 March 2013, pursuant to section 374 of Companies Act 1965. This amendment called for a reduction in company incorporation fees from the current RM3,000 to RM1,000 for companies with an authorised capital not exceeding RM400,000 instead of RM100,000. As a result, Malaysia's ranking in the DB2014 index has notched up to 6th position from the 12th position achieved in the DB2013 index.

1,440

LLP REGISTERED

SSM
BURUHANJAYA SYARIAH MALAYSIA
COMPANY COMMISSION OF MALAYSIA

EXPERIENCE A NEW DIMENSION IN BUSINESS
Limited Liability • Optimum Flexibility

MyLLP
LIMITED LIABILITY PARTNERSHIP

1.1 MILLION COMPANIES
BUSINESS GLOBAL

4.9 MILLION BUSINESSES
ECONOMIC

5.6% GDP GROWTH

3.9% INTEREST

CAPITAL INPUT
TARGET MARKET

ASSET

LIMITED LIABILITY PARTNERSHIP
Sole Proprietorship • Company • Partnership

INCENTIVE PACKAGE FOR DISABLED COMMUNITY (OKU)

The ongoing Incentive package for Persons with Disabilities (OKU) is designed to encourage the involvement of disabled people in business. Initiated on 23 October 2012, it will remain in force for as long as it is deemed necessary by SSM. For the year 2013, the OKU have benefited from a total of 3,181 transactions valued at RM124,560 through new business ventures and business registration renewals under the Business Registration Act 1956.

OPERATION OF CALL CENTRE

The communication between SSM and its customers has always been the foundation of good customer service. But in today's corporate environment, customers expect accessibility of customer service anytime and anyplace using the communication mode they prefer. Developing a real understanding of what stakeholders want from SSM creates an opportunity for providing services through channels that will best respond to their needs. SSM has utilised these channels of communication and delivery to effectively deliver services to customers and for customers to access SSM's products.

While the customer must remain the focus of the service-delivery strategy, the preferred implementation approach needs to take into account the structure of SSM. For example, a hierarchical and 'siloed' mentality can present a major challenge to the delivery of customer-centric services. It is envisioned that to become truly customer-centric, the work culture of SSM need to be geared towards serving the customer. Hence the SSM Call Centre was launched on 18 February 2013, serviced by well-trained, dedicated customer service staff equipped to provide services to the stakeholders in a timely and cost-effective manner in response to any inquiries, market research, complaint or general information request related to SSM.

The Call Centre is open from Monday to Sunday (except public holidays) with a minimum of three agents on duty on Saturdays and Sundays. A total of 15 call agents is at work with sometimes as many as 13 agents are on duty during peak operating hours.

CLIENT CHARTER ACHIEVEMENT

SSM's Client Charter is measured based on two categories: (i) the Business Client Charter that consists of New Business Registration, Business Registration Renewals, and Registration in Changes of Particulars and Termination; (ii) the Company Client Charter that consists of Company Name Search, Incorporation, Registration of Charges and Change of Name and Status. The tables below illustrate SSM's client charter achievement for 2013.

Business Client Charter Performance for 2013

Types Of Forms	Client Charter	Percentage (%)
New Business Registration (Form A)	1 Hour	98.07
Renewal of Business Registration (Form A1)	15 Mins	99.66
Registration of Change of Business Address (Form B1)	1 Hour	98.68
Registration of Change in Type of Business (Form B2)	1 Hour	97.98
Registration of Change of Particulars on Branches (Form B3)	1 Hour	98.53
Registration of Changes of Information of Owner/ Partner (Form B4)	1 Hour	98.35
Termination of Business (Form C)	15 Mins	96.03

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

Companies Client Charter Performance for 2013

Types Of Forms	Client Charter	Percentage (%)
Incorporation of A New Company (Form 6)	1 Day	99.90
Approval of Name (Form 13A)	1 Day	99.23
Commencement of Business for Public Companies (Form 18)	1 Day	100
Change of Company Name (Form 11(21))	1 Day	99.93
Conversion of Status(Form 11(26))	1 Day	99.07
Registration of Charge (Form 34)	2 Days	99.93

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

The overall achievement ranged from 96–100%, both for businesses and companies.

MALAYSIA CORPORATE IDENTITY (MYCoID)

Public and private sector organisations seek to differentiate themselves by providing their stakeholders with unique and personalised experiences. SSM is increasingly expected to run itself effectively, efficiently and in a customer-centric manner by importing key private sector concepts where appropriate. Essentially, this implies aligning every action/strategy towards a meaningful customer experience.

To evolve into a highly responsive, customer-centric organisation that has the support of its customers, SSM has expended much time and effort into designing its service delivery process using the concept of 'co-creation' where value is co-created by SSM and the stakeholders. This was achieved by responding to customer feedback and involving customer segments in the development of services to achieve customer-centric outcomes. Another factor that SSM took into consideration is the incorporation of technology into the service delivery process.

SSM implemented the mandatory online company incorporation through MyCoID system effective 16 May 2013, both to streamline and simplify the process of company incorporation as well as increase the take-up rate of online services.

The implementation of mandatory online lodgement of company incorporation through the MyCoID system was staggered, starting from SSM's Headquarters followed by SSM Selangor, SSM Negeri Sembilan and UTC Pudu Sentral. Counters at the above-mentioned places no longer accept physical applications for name search and incorporation of companies. However, these counters still accept and process the following requests:

- Incorporation of foreign company
- Incorporation of Company Limited by Guarantee (CLBG)
- Incorporation with its shareholders among the body corporate

- (d) Change of type of company
- (e) Change of name of company
- (f) Business commencement
- (g) Minister's approval for CLBG
- (h) Query on name search and incorporation via e-Lodgement
- (i) Incorporation with tender company number

The implementation of mandatory company incorporation via the MyCoID channel in certain states saw a sudden rise in the number of transactions. In the year 2013, 17,458 companies (2012: 551 companies) were incorporated via the MyCoID channel.

Transaction	2013	2012	%
Name search	42,767	2,136	1,902.20
Incorporation	17,458	551	3,068.42
First Forms	16,705	435	3,740.22

E-LODGE MENT SERVICE

The total number of e-Lodgement transactions for businesses in the year 2013 was 67,383 compared to 90,853 transactions in 2012, a decline of 25% over the previous year. Registration of new businesses remained the highest category of transactions for the business e-Lodgement services. Overall, transactions for the services under business and company e-Lodgement declined compared to 2012.

Business e-Lodgement Transactions

Business e-Lodgement Transactions	2013	2012	2011
Name search	38,182	50,822	51,567
New business registration	22,123	26,929	30,020
Business renewal	1,420	5,632	15,580
Changes in registered particulars	4,097	5,385	6,060
Termination	1,561	2,085	2,193
Total Transactions	67,383	90,853	105,420

Company e-Lodgement Transactions

Company e-Lodgement Transactions	2013	2012	2011
Request for availability of name	7,454	25,014	23,910
Application for incorporation of local companies	284	1,403	1,283
Submission of form 24, 44 and 49 after incorporation	312	663	681
Annual Return & Certificate of Exempt Private Company	129	156	121
Annual Return & Accounts	1,075	1,496	1,544
Form 44 (Notice of Situation of Registered Office and of Office Hours and Particulars of Changes)	513	1,275	723
Form 53 (Notice of Place Where Register of Members and Index Kept, or of Change in That Place)	50	91	25
Form 24 (Return of Allotment of Shares)	157	270	221
Form 11 (Notice of Resolution)	122	299	251
Form 49 (Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes in Particulars)	1,053	1,656	1,629
Form 48B (Application for Company Secretary's License)	73	7	4
Form 48C (Application for Renewal of Company Secretary's License)	8	21	50
Total Transactions	11,230	32,351	30,442

COUNTER SERVICES

Though it is mandatory to lodge statutory documents electronically in selected SSM's offices, counter services continued to be maintained for other services. Documents lodged through the counters are recorded and converted to electronic form to facilitate the provision of company and business information to stakeholders electronically. These counters provide services for the lodgement of all documents that are required by the Companies Act 1965, Registration of Businesses Act 1956 and other Acts that are regulated by SSM.

E-INFO SERVICES

E-Info is a service that allows both the local and international business community to make an online search for information on Malaysian companies and businesses. An analysis of the revenue generated compared with 2012 showed:

- (a) 8% increase in the number of online purchases in 2013;
- (b) 7% increase in e-Info kiosk services; and
- (c) 4% increase in e-Info international web page hits for 2013.

e-Info Service (Yearly Transactions)*

2013		2012		2011	
Transactions	Revenue (RM)	Transactions	Revenue (RM)	Transactions	Revenue (RM)
1,579,812	15,798,120	1,462,783	14,627,830	1,377,819	13,778,190

e-Info Service (Take-up Rate)*

Year	Online	Take-up Rate %	Kiosk	Take-up Rate %	Total Transactions	Total Revenue
2013	1,258,023	80	321,789	20	1,579,812	15,798,120
2012	1,161,662	79	301,121	21	1,462,783	14,627,830
2011	988,771	72	389,048	28	1,377,819	13,778,190

* The information has been restated to take into consideration adjustments made to revenue recognition and data

International visitors to the website for 2013 increased by 4% compared to the year 2012. The table below shows the country of origin of visitors to the e-Info website in 2013, 2012 and 2011.

Country of Origin and Number of Visitors to e-Info Website

Countries	2013	2012	2011
Singapore	21,821	19,467	23,571
Hong Kong	6,580	7,949	10,185
United Kingdom	3,379	3,985	5,482
United States	7,532	5,643	6,231
Australia	2,946	3,199	2,740
India	13,067	10,338	6,385
Japan	1,220	1,094	1,222
China	1,750	1,765	2,365
Philippines	2,236	2,230	1,723
Others	19,612	21,525	14,837
Total	80,143	77,195	74,741

1.6 MILLION
E-INFO TRANSACTION

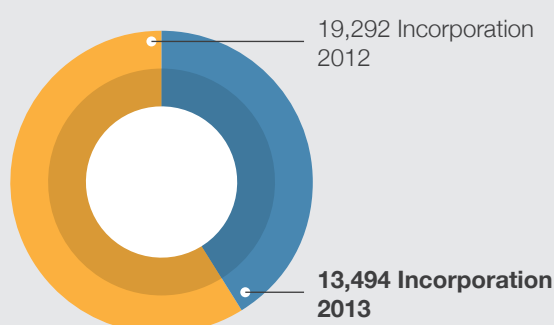
1-DAY INCORPORATION

1-Day Incorporation has been part of SSM's services since 1 April 2010. It is a single counter service for lodging documents in relation to incorporation of companies. The 1-day incorporation service provides an expeditious channel for the business community to incorporate a company within one day for applications made through SSM's counters.

Two (2) options are available to applicants/promoters:

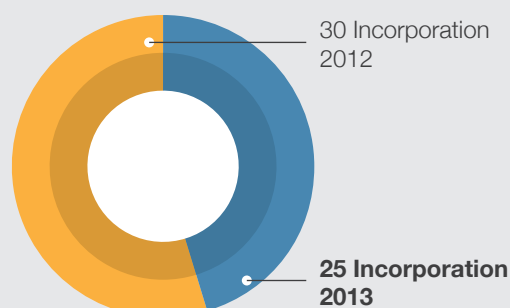
- (a) 1-Day Incorporation counter at SSM's which provides for either one or more processes such as name search/purchase and stamping of revenue stamp/purchase of the 1-Day Incorporation package. The number of 1-day company incorporation transactions recorded a 30.1% decrease in 2013 compared to 2012.

1-Day Incorporation Counter at SSM



- (b) 1-Day Incorporation for "Starting A Business" provides for the purchase of a 1-Day Incorporation package in relation to processes such as name search, purchase and stamping of revenue stamp. There was a 16.7% decrease in the number of 1-Day Incorporation for "Starting A Business" for 2013 compared to 2012.

1-Day Incorporation Counter at SSM: 'Starting a Business'



CORPORATE AND BUSINESS INFORMATION DATA (CBID)

The CBID provides customers with detailed information on location, and type of business, as well as a financial information report. The provision of accurate customisable corporate and business information data for the analytical requirements helps fulfil customer expectations of SSM.

Revenue from CBID increased by 13% for the year 2013 with the collection of RM2.88 million compared to RM2.55 million in 2012.

Year	Total (RM)
2013	2,881,441.42 (552 applications)
2012	2,550,857.52 (330 applications)

BUSINESS REGISTRATION RENEWAL THROUGH BANK SIMPANAN NASIONAL

Renewal of Business registration can be done either through counter services, online or through SSM's appointed agent, Bank Simpanan Nasional (BSN), nationwide. Effective 8 November 2013, renewal application for businesses that had expired and compounded can also be done through BSN. In the year 2013, the number of renewal applications transacted at BSN was 20,949, a decrease of 63% compared to 56,597 applications in the previous year. The decline was attributed to the incentive packages for Registration and Renewal of Businesses introduced in 2012.

BUSINESS REGISTRATION MOBILE COUNTERS (BRMC)

The BRMC is one of SSM's initiatives to reach out to the business community. BRMC mobilizes counter-based transactions outside the fixed premises of SSM and are organized at strategic locations with high business-related activities such as at local council offices, market place, supermarkets and hypermarkets. This initiative offers the Malaysian business community an alternative channel and convenient access to SSM's business registration services. BRMC

performs on-site approvals for business registrations and renewals. These mobilized counter operations are directly connected to the SSM system via the internet through 3G wireless connectivity.

Apart from serving the business community in a more flexible environment, BRMC also disseminates information and raises awareness amongst the business community and members of the public. Most of the locations are hotspots for small businesses, petty traders and stall operators. These business communities generally have minimal understanding and awareness of aspects related to the Registration of Businesses Act 1956 and Companies Act 1965. SSM officers manning the BRMC are tasked with explaining the obligations imposed by the aforesaid laws to enable the smooth operation of businesses.

In the year 2013, a total of RM6,737,685 was collected via the BRMC services compared to RM9,901,513 in 2012 and RM9,772,407 in 2011. Revenue from BRMC registered a 31.95% decrease in revenue in 2013 compared to 2012.

Information on BRMC activities for each state during the year 2013 is given below:

States	Frequency	New Business Registrations	Changes in Particulars	Business Renewals	Revenue
Kuala Lumpur	213	8,007	4,145	4,324	1,398,890
Labuan	7	14	0	22	1,500
Perlis	13	72	4	22	5,260
Terengganu	92	1,292	327	1,590	197,785
Melaka	63	651	431	573	123,355
Pahang	137	1,943	818	1,835	365,858
Negeri Sembilan	125	915	519	1,263	201,260
Kedah	441	8,012	3,011	7,926	1,534,245
Kelantan	98	2,855	425	1,700	314,615
Perak	109	3,867	1,705	3,406	672,455
Pulau Pinang	98	2,988	1,722	3,871	691,572
Selangor	90	1,397	542	930	221,615
Johor	201	4,103	1,994	4,608	1,009,275
Total	1,687	36,116	15,643	32,070	6,737,685

URBAN TRANSFORMATION CENTRE (UTC) – KUALA LUMPUR, MELAKA, PAHANG AND KEDAH

During the year, two (2) additional Urban Transformation Centres (UTC) were opened in Pahang and Kedah in the months of 1 April 2013 and 3 August 2013 respectively. Currently SSM's offices at the four (4) UTCs provide incorporation and business registration services daily (except on public holidays). The UTCs provide the stakeholders with a channel to engage with SSM as the feedback is reviewed for continuous improvement of services. The opening of four (4) UTCs is an indication of SSM's commitment to support the Government's goal of providing multi-facilities service centres for the stakeholders.

UTC	2013		2012	
	ROC	ROB	ROC	ROB
Melaka	4,577	7,178	643	1,312
Kuala Lumpur	10,713	60,005	458	12,011
Kedah	N/A	2,373	N/A	N/A
Pahang	27	9,359	N/A	N/A

CORPORATE MANAGEMENT APPLICATIONS

In 2013, there was a marginal decrease of 16.2% in Corporate Management Applications compared to 2012. An overall decline in the number of transactions is seen except for Application for relief from requirements for the content of the financial statement and Application for waiver from lodging the foreign branch accounts in Malaysia; these recorded an increase of 10.3% and 227.8% respectively.

Types of Corporate Application Received

No.	Corporate Applications Received	No. of Applications		
		2013	2012	2011
1.	Application for extension of time	603	767	686
2.	Application for appointment of proxy	1	2	8
3.	Application for relief from requirements to the content of the financial statement	172	156	172
4.	Application for waiver from lodging the foreign branch accounts in Malaysia	59	18	55
5.	Lodgement of initial public offerings, abridged prospectus and other related documents	485	631	443
6.	Quarterly Report by directors of the borrowing corporation	145	175	238
Total		1,465	1,749	1,602

MANAGEMENT OF ASSETS FOR DISSOLVED COMPANIES

Under the Companies Act 1965, a company that is dissolved is no longer empowered to conduct any transactions. There are instances where a company which is dissolved had assets vested in the company's name or had incomplete transactions prior to its dissolution.

The Registrar of Companies is authorised, under the provisions of the CA, to be appointed as the representative of the dissolved company for the purpose of completing any incomplete transactions that were entered into prior to its dissolution. With the appointment, the Registrar can be also vested with the outstanding assets of the dissolved company and deal with these assets in the manner provided by law.

In 2013, SSM processed a total of 37 applications in respect of the management of assets of dissolved companies, a decrease of 57 % compared to 87 applications in 2012. Of the 37 applications in 2013, the number of applications to have assets vested in the Registrar under section 310 of the Companies Act 1965 decreased from 74 to a mere 17, a significant 77% reduction. However, the number of applications for the Registrar to represent dissolved companies experienced an increase from 10 to 19 applications, representing a 90 % increase. On the other hand, SSM received only one (1) application (2012: three (3) applications) to purchase the assets of dissolved companies during the year.

Categories of Application for the Management of Assets of Dissolved Companies

Categories	2013	2012
Applications to request the Registrar of Companies to act as the representative of dissolved companies under section 309 Companies Act 1965.	19	10
Assets vested with the Registrar of Companies under section 310 Companies Act 1965.	17	74

Categories	2013	2012
Application to purchase assets vested under section 311 Companies Act 1965.	1	3
Total Applications	37	87

OTHER PRODUCTS

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

- (a) Commemorative Certificates
Sales revenue of Commemorative Certificates decreased by 61% compared to 2012.

Sales of Commemorative Certificates

Year	ROB	ROC	Transactions	Revenue (RM)
2013	155	15	170	10,000
2012	460	19	479	25,850

- (b) Publications
Sale of publications decreased by 60% in revenue compared to 2012.

Guidebook on Completing Prescribed Forms and Review of the Companies Act 1965 Final Report

Year	Transactions	Revenue (RM)
2013	66	4,950
2012	175	12,550

- (c) Company Incorporation Tender Number
Sales revenue from Company Incorporation Tender Number increased by 2% compared to 2012.

Company Incorporation Tender Number

Year	Transactions	Revenue (RM)
2013	42	23,000
2012	44	22,500

NEW INITIATIVES

CERTIFICATION OF MS ISO 9001:2008 AND ITS IMPLEMENTATION AT SSM

In line with SSM's commitment to provide an efficient and quality service through continuous improvements, several measures have been taken towards attaining the MS ISO 9001 certification and implementing it based on SSM's Quality Policies. To achieve this objective, SSM has completed the preparation of the Quality Manual which contains quality procedures, documents related to provision of the Act, Rules, Circulars, Procedures, Application Forms and other related documents. SSM hopes to obtain the MS ISO 9001 certification for its business registration procedures at SSM's Headquarters in the year 2014.

REPORT ON ENFORCEMENT INITIATIVES

Malaysia is ranked the sixth (6) in the world for ease of doing business in the recent World Bank survey on 'Ease of Doing Business'. This ranking is based on government support to the business community in starting and managing their business. While the ranking may pave the way for smoother investment from overseas in Malaysia, equally important is corporate integrity and transparency which will bolster confidence within the business community while safeguarding Malaysia's reputation internationally.

A thriving corporate environment — with new businesses entering the market, creating jobs and developing innovative products— contributes to higher economic growth. The Companies Commission of Malaysia (SSM) plays a crucial role in supporting a dynamic ecosystem for businesses and setting the corporate environment. While SSM regulates and enforces the laws relating to corporate governance and compliance in Malaysia, it is imperative that the laws are uniformly enforced. Without balance enforcement, entrepreneurs may experience difficulties in starting and growing small and medium-size businesses that are the engines of growth and expansion of the Malaysian economy.

COMPLAINTS MANAGEMENT COMPLAINT AGAINST BREACHES OF CORPORATE LAWS

In 2013, SSM received a total of 1,564 complaints comprising 1,165 companies-related complaints and 399 business-related complaints, a slight decline from the 2012 figure of 1,915. The total number of complaints resolved was 1,487 (95.07%), with 1,239 being resolved within three (3) days.

Complaints Received			
Year	2013	2012	2011
Company	1,165	1,480	1,550
Business	399	435	531
Total	1,564	1,915	2,081

Complaints Resolved			
Year	2013	2012	2011
Company	1,110	1,393	1,356
Business	377	408	445
Total	1,487	1,801	1,801

The following chart shows the types of complaints received in 2013 by category.

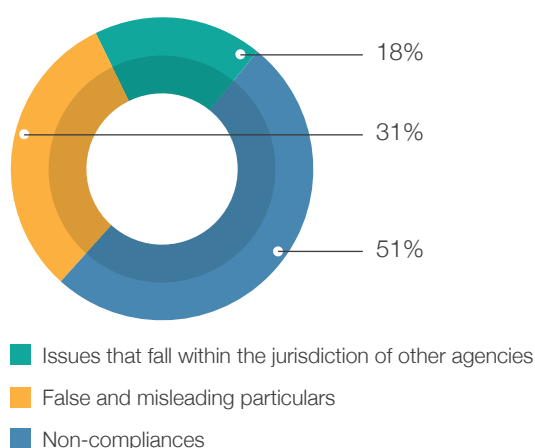
Category of Complaint	Number
Inaccuracy of information and identical name	70
Improper conduct by director	84
Improper conduct by company secretary	57
Improper conduct by company's auditor	4
False and misleading particulars	282
Misconduct during winding up of a company	8
Accounting incompliance	10
Unregistered Interest Scheme	126
Registered Interest Scheme	20
Non-compliance	457
Issues pertaining to managerial misconduct involving monetary or material claims, internal affairs and procedures of meetings	155
Issues pertaining to the jurisdiction of other agencies such as employment issues, tourism, direct selling, frauds, & 'scratch and win'	162
Inquiries	129
Disclosure under the Whistleblower Protection Act 2010	0
TOTAL	1,564

The two major non-compliance offences were non-submission of statutory returns and non-tabling of accounts and non-holding of the annual general meetings (457 complaints). Two other major categories of complaints received in 2013 and which are under the purview of SSM relates to lodgement of false and misleading information and particulars (282 complaints) and complaints that is within the jurisdiction of other agencies (162 complaints).

Three Highest Categories of Complaints for the year 2013

Categories of Complaints	Total
Non-compliance	457
False and misleading particulars	282
Issues that fall within the jurisdiction of other agencies	162

Complaint Categories



COMPLIANCE RATE

Annual Returns lodged with the Registrar underpins the compliance rates achieved by SSM. Annual Returns is a statutory document that is required to be lodged annually by every company registered under CA 1965 together with the Audited Financial Statements within one a month of holding the Annual General Meeting as provided for under section 143 (1) and 165 (4) CA 1965.

The mandatory lodgement of Annual Returns together with Financial Statements ensures that all corporate and financial information maintained by SSM is up-to-date. This will facilitate reference by stakeholders, including the company's clients, potential investors, financial institutions and government agencies as well as make business decisions on investments, loans and economic planning. It is also consistent with one of SSM's core functions as a major corporate information provider in Malaysia.

In year 2013, the compliance rate was 93% compared to 90% in year 2012 where there is an increase of 3% after taking into consideration all the annual returns and financial statements lodged with SSM during the year, inclusive of the annual returns and financial statements lodged outside the stipulated time frame.

COMPLIANCE AND SURVEILLANCE ACTIVITIES

DATABASE AND PHYSICAL INSPECTION

In an effort to sustain the compliance rate and ensure good corporate governance among company officers, continuous corporate monitoring was carried out through vigorous inspection activities which were comprehensively scheduled to identify businesses that may have committed offences or have not complied with the requirements of the CA 1965.

During the year, SSM carried out 865,605 inspections on companies and businesses to check for compliance with the requirements of the Acts administered by SSM. There was a decline of 12.2% in the number of inspections performed in 2013 in relation to 2012. SSM carried out compliance review activities throughout the year and covered the following significant areas:

- Analysing corporate and business information stored in SSM's database (data monitoring) – 828,134 companies and businesses (2012: 930,497);
- Physical inspection of business premises and registered addresses – 27,033 (2012: 50,031);
- Monitoring of web-based businesses and media advertisements – 6,998 websites and media advertisements (2012: 4,028);
- Checking on compliance and competency of corporate intermediaries (i.e. Company Secretaries, Liquidators and Auditors) – 174 corporate intermediaries (2012: 109).

The inspections carried out in 2013 included the following:

Activities	Scope Of Monitoring	No. of Inspections	
		2013	2012
Analyzing corporate and business information stored in SSM database (data monitoring)	<ul style="list-style-type: none"> • Annual Returns and Financial Statement lodgement status pertaining to section 165(4) of CA 1965 • Analyzing financial statements lodged with SSM • Monitoring of director's qualifications under section 130 and 125 of CA 1965 • Compliance by companies under liquidation to the winding-up provisions under CA 1965 	828,134	930,497

Activities	Scope Of Monitoring	No. of Inspections	
		2013	2012
Physical inspection of business premises and registered addresses	<ul style="list-style-type: none"> Compliance with the provisions under section 121(3) of CA 1965 and Rule 13A(2) of Registration of Businesses Rules 1957 (ROBR 1957) with regard to the display of company name and registration number at business premises Compliance with section 12(2) of ROBA 1956 with regard to the display of certificate of registration of business premises Compliance with the provision of section 12(1) (a) and 12(1)(b) of ROBA 1956 with regard to registration and renewal of business Record and maintenance of statutory books by Company Secretaries pursuant to CA 1965 and CR 1966 requirement Compliance with other requirements of company & directors pursuant to CA 1965 	27,033	50,031
Monitoring of web-based businesses and media advertisements	<ul style="list-style-type: none"> Compliance with the provisions under section 121 (1) (b) of CA 1965 with regard to the display of company name and numbers in all documents and publications Compliance with the provision of section 12(1) (a) and 12(1)(b) of ROBA 1956 with regard to registration and renewal of businesses Concerns relating to public interest, e.g., illegal investments, interest schemes, fraud by companies and businesses 	4,803 companies & business websites AND 2,195 companies and business advertisements in the printed media	2,853 websites, comprising 2,203 companies and businesses
Compliance and competency of corporate intermediaries (i.e., Company Secretaries, Liquidators and Auditors)	<ul style="list-style-type: none"> Audit firms, auditors, liquidators and company secretaries' qualifications and practices pursuant to CA1965 requirement (Involves data monitoring and physical inspections) 	16 Liquidators, 106 Auditors, 81 Auditors' spouses and 3,185 Audit Firms' staff AND 52 company secretaries	109 auditors and company secretaries
Total		865,605	985,693

OUTCOME FOR INSPECTION ON COMPANIES AND BUSINESSES

Inspections were carried out in the year 2013 on companies and businesses and based on the results, the enforcement actions initiated by SSM are as follows:

Offences	Actions
Failure to comply with the requirement of sections 143(1), 165(4) and 169(1) of CA 1965	<ul style="list-style-type: none"> 132,134 compound notices were sent to companies and their directors 21,587 companies were struck-off under section 308 of CA 1965
Failure to furnish Statement of Affairs to their respective liquidators pursuant to section 234 of CA 1965.	673 reminder notices were sent to company directors and secretaries directing them to lodge Statement of Affairs
Directors who continued to act as directors after being declared bankrupt in breach of section 125 of CA 1965.	192 reminder notices, notices to bankrupt directors and their respective companies
Directors who continued to act as directors after being convicted by court in breach of section 130 of CA 1965	41 reminder notices, notices were sent to the convicted directors and their respective companies
Failure to display company name and registration number at business premises as required under 121(3) of CA 1965 and Rule 13A(2) of Registration of Businesses Rules 1957 (ROBR 1957)	180 compound notices were sent to companies and business owners
Failure to display certificate of registration at business premises as required by section 12(2) of ROBA 1956	272 compound notices were sent to business owners
Offences relating to businesses via internet and media advertisements: <ul style="list-style-type: none"> Promoting businesses and sales of products through internet (online businesses) and media without a valid business registration pursuant to sections 5 and 5A of ROBA 1956 Offences under section 121(1)(b) CA 1965 i.e., failure to reveal company name and number in a company publication. 	<ul style="list-style-type: none"> 1,251 reminder notices were sent to business owners 3,371 reminder notices were sent to companies
47 cases relating to "Scratch & Win" relating to two businesses registered under the ROBA 1956 and investigated by Ministry of Domestic Trade, Co-operatives and Consumerism under the Direct Sales Act 1993 and the Consumer Protection Act 1999	Revocation of business registration under section 5C(2) ROBA 1956

SSM's ongoing physical and database inspections carried out during the year resulted in administrative and criminal action being taken on cases involving various breaches of the Acts regulated by SSM whereas cases outside the purview of SSM were referred to the relevant agencies for further action.

SURVEILLANCE OF INTEREST SCHEMES

The year 2013 witnessed an increase in the number of interest schemes with 240 interest schemes being registered with SSM compared to 186 schemes in the year 2012. Registered schemes by category are shown in the table below:

No.	Categories	No. of Schemes	
		2013	2012
1	Golf & Recreation Clubs	57	90
2	Share Farming Scheme	22	9
3	Marina	7	9
4	Recreational Clubs	28	37
5	Timesharing	41	27
6	Memorial Park	5	5
7	Equipment sharing	3	2
8	Property Scheme	8	7
9	Gold Scheme	1	0
10	Trustees	68	0
Total		240	186

MONITORING OF ILLEGAL SCHEMES

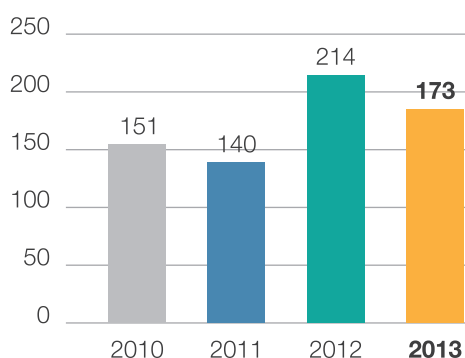
SSM continued to conduct surveillance on illegal schemes pursuant to the provisions under Division 5 Part IV of CA 1965 with the following objectives:

- To ensure that no unauthorized person/company operates illegal investment schemes to the detriment of the investors/subscribers of the investment.
- To regulate and initiate enforcement action for a conducive business environment for interest schemes with strict action against illegal investment schemes.
- To register genuine investment schemes with SSM.

The number of cases monitored saw a slight decrease in year 2013 as shown in the diagram below:

Types Of Scheme	No. of Cases		
	2013	2012	2011
Livestock	59	108	80
Business Management	3	-	-
Share farming	14	15	12
Land Banking	5	6	6
Rent-back Scheme	1	1	1
Membership	4	3	1
Fitness Club	1	1	-
Multilevel Marketing	3	4	2
Cemetery Plot & Urn Compartment	21	20	18
Gold investment scheme	11	7	-
Silver investment scheme	-	1	-
Others	51	48	20
	173	214	140

No. of cases monitored



Surveillance data gathered showed that agro-based schemes had emerged as the dominant category with more than 42% of the illegal schemes identified being related to livestock and share farming.

SURVEILLANCE ON CORPORATE INTERMEDIARIES

To ensure good corporate governance, sound practices and competency of corporate intermediaries, SSM continued to monitor the compliance level of company secretaries, auditors and liquidators in terms of observance to the legislations, regulations and guidelines in performing their duties. This is in line with the roles and responsibilities of corporate intermediaries as advisors to the company. The year 2013 saw comprehensive inspection being conducted on corporate intermediaries to ensure good governance and practices while maintaining high competency skill sets.

SURVEILLANCE ON AUDITORS

Inspections carried out on corporate intermediaries' records and practices in 2013 revealed a decline of 141 offences for 2013 [2012: 1,495 offences] under section 9(1)(c)(ii) and (iv) CA 1965 committed by auditors.

Inspections conducted on documents and practices of auditors in the year 2013 revealed the following breaches:

Offences Under CA 1965	Number of Cases	
	2013	2012
Section 9 (1)(c)(ii) <ul style="list-style-type: none"> Served as an auditor and at the same time was an employer of the company's director and company secretary 	137 (Involved 5 auditors)	786 (Involved 2 auditors)
Section 9 (1)(c)(iv) <ul style="list-style-type: none"> Served as an auditor to a corporation where the auditor and his wife are shareholders and whose employee is a company secretary of the companies being audited 	4 (Involved 1 auditor)	709 (Involved 1 auditor)
Violation of conditions for Auditors Renewal Approval under section 8(5) CA 1965 which was issued by the Ministry of Finance of Malaysia as follows: <ul style="list-style-type: none"> Condition Number (i)(a): Serve as an auditor and the auditor or the spouse is a company secretary or an officer of the audited company Condition Number (iv): Having an office in any of the registered offices of a company he/she is the auditor of the company 	40 126	186 -

Compound notices were sent to the auditors for offences under section 9(1)(c)(ii) and 9(1)(c)(iv) CA 1965, whereas the violation of Conditions for Auditors Renewal Approval were referred to the Accountant General's Department for further action.

SURVEILLANCE OF COMPANY SECRETARIES

As of 31 December 2013, a total of 65,230 individuals consisting of 9,790 licensed company secretaries and 55,440 members of prescribed bodies were qualified to act as a company secretary in Malaysia.

SSM received 140 new applications for company secretary licenses during the year, similar to the number of applications received in 2012. The applications will be approved by the Registrar taking into consideration the following concerns:

- Conduct, qualifications and experience of the applicant;
- Public interest; and
- The applicant is fit and proper to be licensed.

Accordingly, SSM has established a policy that all applicants are required to attend an interview which consists of a written and oral examination. The objective of the interview is to assess the level of knowledge and understanding on CA 1965, Companies Regulation 1966, SSM Practise Notes and evaluate other aspects of personality as well as communication and analytical and problem solving skills befitting a professional.

A total of 26 interviews were conducted during 2013, with the success rate being 53% compared to 35% in 2012. The improvement in the success rate was mainly due to attendance at courses and programs organized by COMTRAC such as Company Secretaries Training Programme, Company Directors Training Programme and others.

With regard to the renewal of company secretary licenses, SSM received 834 renewal applications. A total of 97 applications (12%) was rejected based on failure to comply with SSM's CPE requirement which was introduced in 2010. Every licensed company secretary is required to collect 60 CPE points within three (3) years to enable licence renewal based on the following composition of the CPE points:

- (a) A minimum 40% or 24 CPE points obtained by attending courses/seminars organized by COMTRAC or COMTRAC in collaboration with external ; and
- (b) A maximum 60% or 36 CPE points obtained by attending courses organized by prescribed bodies or other organizations.

Failure to renew the license will disqualify an individual from acting as a company secretary under section 139C CA 1965.

Physical inspections at company secretaries' offices revealed that 16 company secretaries did not comply with the following areas and compounds in accordance with the CA 1965 issued to them:

- Failure to make a declaration in the prescribed form (Form 48F) that he is qualified to act as a company secretary and have consented to act as a company secretary to the company;

- Failure to update the particulars of managers and company secretaries in the Register of Directors, Managers and Company secretaries;
- Failure to record the minutes of meetings in the Minutes Book within 14 days from the date of meeting;
- Failure to update Register and Indexes of Members;
- Failure to issue Share Certificate within two (2) months after the allotment of shares;
- Failure to keep copy of Charges instrument in the registered office;
- Failure to comply with the provisions of section 143(1), 165(4) and 169(1) CA 1965; and
- Failure to act honestly and use reasonable diligence in the discharge of duties.

In addition, inspections conducted also revealed 1,960 offences relating to company secretarial matters in the year 2013 [2012: 460 offences] with 89.6% [2012: 1.3%] being an offence for leaving the office of company secretary vacant for more than 30 days followed by 8.5% [2012: 85.6%] offences related to directors allowing company secretaries to continue holding office after the disqualification/expiry of their license. The increase from 1.3% to a whopping 89.6% in offences is attributed to the decentralization of the monitoring process to state offices which made the process more efficient and effective.

Offences Under CA 1965	2013	2012
Section 139(1)(B) • A company secretary's post left vacant for more than 30 days	1,756	6
Section 139B(5) • Failure to renew license not later than 30 days before the expiry of the license	20	39
Section 139C(2) • Failure to act honestly or failure to use reasonable diligence in the discharge of duties as a secretary.	4	1
Section 139C(3) • Continue to serve as a company secretary after disqualification/ license had expired	13	20
• Company secretaries being allowed by Directors to continue serving after disqualification/expiry of license	167	394
Total	1,960	460

In the year, as part of the 'Balance Enforcement' approach, SSM issued show cause letters, inquiry letters and reprimand letters to company secretaries who did not comply with CA 1965 and at the same time, company directors who operated without a company secretary or failed to appoint a company secretary, were reprimanded by SSM. As a result of these initiatives, except for sections 139(1)(B) and 139C(2) CA 1965 offences, there was an overall decline in the number of offences committed by company secretaries and directors of a company. The number of directors who allowed the company secretary to hold office after disqualification/expiry of licence was reduced to 167 compared to 394 company directors in the year 2012.

SSM takes a serious view of breaches by corporate intermediaries such as company secretaries, auditors and liquidators and will first administer remedial initiatives such as education, warning letters, show cause letters and reprimands while in the case of serious offences, it may initiate prosecution procedures or recommend revocation of license of the company secretary to deter such breaches.

SEMINAR ON ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (AML/CFT) WITH THE THEME "TOWARDS BETTER GOVERNANCE OF NON- PROFIT ORGANISATIONS IN MALAYSIA" HELD ON 14 NOVEMBER 2013 IN KUALA LUMPUR



The launching of National Seminar organised by SSM on Anti-Money Laundering and Counter Financing Of Terrorism held on 14 November 2013.

SURVEILLANCE ON COMPANIES LIMITED BY GUARANTEE (CLBGs)

Monitoring of the CLBGs is two-pronged: to ensure compliance with the CA 1965 provisions also to emphasize the requirements of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLTFA 2001). This is one of the aspects that could improve Malaysia performance in the Mutual Evaluation Exercise 2014 (MEE 2014) which will be evaluated by the Asia Pacific Group (APG) on “Anti-Money Laundering and Financial Terrorist” in November 2014.

In addition, the monitoring activities have also taken into consideration the recommendations of the International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation 2012 (The FATF Recommendations), which requires all states to have a policy on ensuring that legitimate non-profit bodies or organizations are not being exploited to support terrorist organizations and to put in place the best practices in organizational management.

Inspections carried out in the year revealed failure to lodge Annual Returns and Financial Statements to be a major concern. The following action was taken:

- 825 compliance notices were sent to companies and its directors; and
- 112 compound notices under section 165(5) CA 1965 were sent to companies which failed to lodge Annual Returns (Form 55) within one (1) month after the Annual General Meeting.

One of the CLBG license requirements under section 24(3) CA 1965 is to obtain a specified amount of money in funds within six (6) months after incorporation. Monitoring activities revealed that four (4) CLBGs had failed to comply with the requirement. Failure to comply may result in the license being withdrawn by the Minister as provided for under section 24 (6) CA 1965.

SSM takes a serious view of CLBG's corporate governance measures. In addition, the directors and officers of CLBGs should ensure that the company is well managed by adopting the following practices:

- Excellent financial management;
- Strong internal and financial control; and
- Good risk management procedures.

Further, SSM collaborated with other agencies such as the Registrar of Societies, Malaysia (ROS), Bank Negara Malaysia (BNM), and the Malaysian Anti-Corruption Commission (MACC) in sharing surveillance information and the intelligence network.

During the year, SSM signed a Memorandum of Understanding (MoU) with the Accounting Research Institute of UiTM (ARI-UiTM) to conduct a study on a possible legal framework and guidelines that may need to be issued towards strengthening the level of corporate governance and financial reporting procedures of CLBGs. The MoU has paved the way for proactive initiatives using a risk based approach to curtail money laundering activities and terrorism financing.

Continuous monitoring and education is expected to ensure higher compliance levels and the achievement of the objectives of CLBGs. Moreover, it should benefit the nation in terms of greater corporate social responsibility and economic development. Effective supervision will deter CLBGs from being exploited for money laundering and financing of terrorism activities and may assist in improving Malaysia's global standing against money laundering and terrorism financing in the forthcoming evaluation by APG in the year 2014.

SURVEILLANCE ON COMPANIES FINANCIAL STATEMENTS

In line with SSM's Strategic Thrusts of promoting and encouraging good governance to create a conducive business environment and delivering innovative products and services to meet stakeholder needs, a number of monitoring initiatives have been undertaken. A major initiative is the emphasis on quality and integrity of the Financial Reports that had been lodged with SSM. In 2013, the monitoring of the financial statements was scheduled comprehensively and involved database and periodic physical inspections to identify entities that were not complying with the provisions of CA 1965 particularly in keeping

and retaining proper accounting records and transactions.

Monitoring initiatives were carried out throughout 2013 to ensure a high standard of compliance pertaining to accounting transactions and records such as :

- Monitoring of the Financial Statements kept in the SSM database to ensure compliance with CA 1965 provisions in relation to accounts preparation;
- Physical inspection at business premises to inspect the accounting transactions and records of companies which require further analysis based on the findings of the data monitoring activities;
- Auditor compliance with the provisions of section 174 (8A) of CA 1965 in relation to the duties of company auditors; and
- Physical and database monitoring on the formal and informal complaints received as well as local media news and reports which called for further inspection on a company's financial information.

OUTCOME OF INSPECTION

Pursuant to the physical and database inspections carried out in year 2013, the following action was taken:

- Eight (8) notices under sections 7(11)(a) and 7B(2) CA 1965 were sent to companies which failed to comply with the provision of sections 166A, 167(1), 167(2), 167(3) and 167A CA 1965;
- 11 notices under section 7(11)(a) and 7B(2) of CA 1965 were issued to companies in relation to the reports made by the company auditors to the Registrar pursuant to section 174(8A) of CA 1965 on issues related to serious offence, fraud or dishonesty being or has been committed within the company or by an officer of the company.
- 61 cases related to concerns of financial mismanagement identified through complaints and media reports were checked and monitored for possible SSM intervention; and
- 126 cases on various accounting issues identified through database monitoring is being analyzed to determine if further action needs to be taken.

INVESTIGATION

SSM continued with aggressive enforcement action in line with its transformation program to nurture a more conducive business environment in the year 2013 through excellent corporate governance and ethical corporate institutions and professionals. The focus of the investigation was to curb economic offences, including poor corporate governance, financial fraud and illegal investment schemes and protect public interest. The Investigation Division of Companies Commission of Malaysia implemented an approach that focused on inquiries done quickly, efficiently, effectively and professionally with the objective of enhancing the confidence, reliability and perception of stakeholders about the role and responsibilities of the SSM.

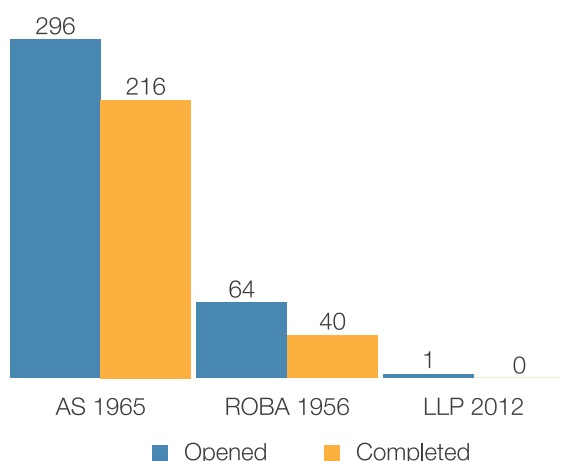
Throughout the year, various strategies were initiated and efforts extended to ensure that the cases reported were thoroughly investigated. As a result, a strategic partnership investigation approach has been implemented in collaboration with other enforcement agencies which calls for case discussions, investigative information sharing, collaborative inquiry and visits. Among the strategic partners of SSM are the Malaysian Anti-Corruption Commission (MACC), Commercial Crime Investigation Division (CCID) of PDRM, Bank Negara Malaysia (BNM), Inland Revenue Board (IRB), Registrar of Societies and others. The division also conducted Networking and Information Sharing Sessions with regulatory bodies, enforcement agencies, government agencies, financial institutions and telecommunication companies to further strengthen the current network.

During the year, SSM was directly involved in the task force led by the Attorney General with two of its investigating officers being attached to the task force. SSM was also involved in several other task forces and the National Security Council workshop on corporate crimes.

NEW INVESTIGATION PAPERS

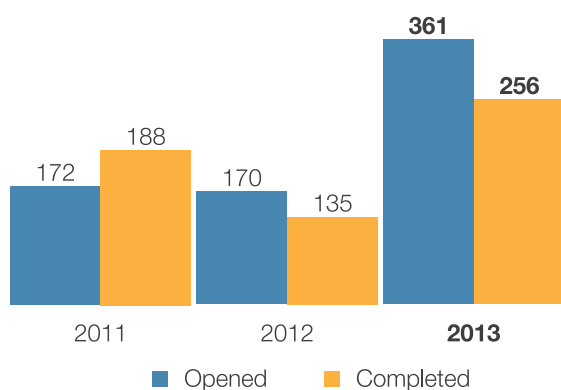
During 2013, a total of 533 cases was investigated for various offences under the CA 1965, the ROBA 1956 and LLP 2012. As of 31st December 2013, of the total of 361 investigation papers (IP) opened, 256 IPs had been completed.

Segregation of Cases Based on CA 1965, ROBA 1956, LLP 2012



Comparison between IP opened and completed for the last three years is illustrated below.

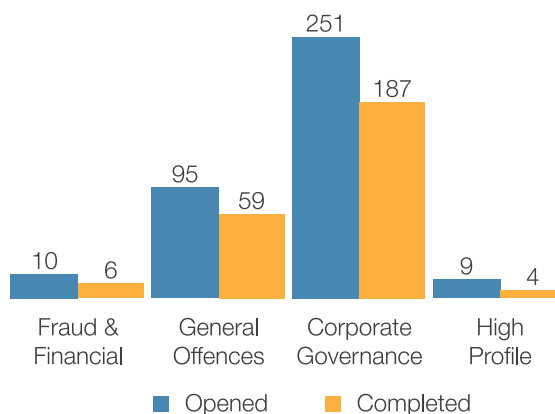
Segregation of IP Opened and Completed (2011 - 2013)



Investigation in 2013 was focused on two main categories, i.e. complex cases and non complex cases. Complex cases consisted of investigations into financial wrongdoings and fraud, complex corporate governance and high profile cases. The investigation of non complex cases comes under the category of general offences.

Out of the 361 cases opened in 2013, a total of 114 IPs was opened for offences categorized under complex cases, while 247 IPs were opened to investigate non-complex cases. Breakdown by number of cases and types of offences investigated for 2013 are given below:

Segregation of Cases Based on Offences for Year 2013



COMPLETED HIGH PROFILE INVESTIGATION PAPERS

As a corporate regulator, the Investigation Division successfully completed high profile cases related to various offences on section 94, section 167, section 131, section 132, section 364(2) and section 366 CA 1965.

The offences comprise of failure to comply with the provisions under interest scheme failure to keep account, fiduciary duties, false and misleading statement and fraudulent inducement for investment.

COMPLETED CORPORATE GOVERNANCE INVESTIGATION PAPERS

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

No.	Offences
1.	Section 364(2) CA 1965: Person who makes or authorizes the making of a false or misleading statement in any material particulars knowing it to be false or misleading
2.	Section 132 CA 1965: As to the duty and liability of officers
3.	Section 131 CA 1965: Disclosure of interest in contracts, property, offices
4.	Section 91 CA 1965: Issue or offer to the public to subscribe to or purchase an interest in a scheme without an approved deed
5.	Section 94 CA 1965: Penalty of contravention of Division 5 Part IV
6.	Section 90 CA 1965: Offering to the public to be a member without an approved prospectus
7.	Section 366 CA 1965: Fraudulently inducing people to invest money
8.	Section 300 CA 1965: Offences by officers of companies in liquidation

COMPLETED INVESTIGATION PAPER ON FRAUD

The Investigation Division also successfully completed the financial and fraud cases relating to:

No.	Offences
1.	Section 67 CA 1965: Dealing with a company in its own shares
2.	Section 69E CA 1965: Failure of substantial shareholder to notify company of his interest
3.	Section 69G CA 1965: Failure of persons who cease to be substantial to notify the company
4.	Section 69D CA 1965: Substantial shareholdings and substantial shareholders Offence
5.	Section 368(a) CA 1965: Fraud by officers

PROSECUTION

One of the primary functions of SSM is to enforce the laws it administers as provided by the First Schedule of the Companies Commission of Malaysia Act 2001.

In the year 2013, prosecution procedures were initiated in relation to offences in breach of the Companies Act 1965, the Registration of Businesses Act 1956 and the Kootu Funds (Prohibition) Act 1971. Offences prosecuted under the Acts comprise serious corporate governance and non-compliance offences.

LANDMARK CASES IN 2013

Among the significant milestones achieved in 2013 was the passing of enhanced custodial sentences upon directors convicted of serious corporate governance offences.

The following is a summary of these cases:

No.	Nature Of Offence	Offence (Section)	Description
1.	Unauthorised Allotment of Shares	Sections 364(2) and 132(1) of the CA 1965	<p>The Kuala Lumpur Sessions Court had sentenced a director to a total of 5 years imprisonment and a fine of RM100,000.00.</p> <p>On the first count, the said director was sentenced to 3 years imprisonment and a fine of RM100,000.00 under section 364(2) of the CA 1965 for making a false statement in Form 24 to SSM, which reported that the allotment of shares were paid in cash but the evidence adduced in Court showed otherwise.</p> <p>On the second count, the said director was sentenced to 3 years imprisonment for breaching his fiduciary duties as the director under section 132(1) of the CA 1965 by allotting company shares to himself and another director without the approval of the Board of Directors or a general meeting.</p>
2.	Enhanced Custodial Sentence for Breach of Fiduciary Duties	Sections 132(1) and 131(1) of the CA 1965	<p>The High Court of Malaya in Kangar, Perlis had affirmed the decision of the Kangar Sessions Court in convicting two directors of a company.</p> <p>The Sessions Court had previously convicted and sentenced both the directors as follows:</p> <ul style="list-style-type: none"> a) A fine of RM15,000.00 each for contravening section 132(1) CA 1965; and b) Two months imprisonment and a fine of RM60,000.00 each for contravening section 131(1) CA 1965. <p>On appeal by both directors against their conviction and sentence, and also on cross-appeal by the Prosecution on the adequacy of the sentence, the High Court had dismissed the directors' appeal but had allowed the Prosecution's appeal to enhance the sentence imposed against the two directors as follows:</p> <ul style="list-style-type: none"> a) Both directors were sentenced to six (6) months imprisonment and a fine of RM10,000.00 each for contravening section 132(1) CA 1965; and b) Both directors were sentenced to twelve months imprisonment and a fine of RM50,000.00 each for contravening section 131(1) CA 1965.

Apart from custodial sentence cases, convictions were also secured for various other serious corporate governance offences where the Courts had imposed deterrent sentences by way of hefty fines.

Below is a summary of various other notable convictions obtained by SSM in 2013:

No.	Nature Of Offence	Offence (Section)	Description
1.	Authorisation of Illegal Loan to Company	Sections 132(1) and 133A(1)(a) of the CA 1965	<p>A director of company who is also the Managing Director of another company was convicted by the Petaling Jaya Sessions Court.</p> <p>A fine of RM27,00.00 was imposed for the offence under section 132(1), while a maximum fine of RM10,000.00 was imposed for the offence under section 133A(1)(a) CA 1965.</p> <p>The first charge under section 132(1) CA 1965 was in relation to the act of authorizing a loan of RM500,000.00 to the company without approval of the board of directors of that other company. Evidence revealed that the accused was also the majority shareholder in that other company at the material time.</p> <p>The second charge under section 133A(1)(a) CA 1965 was in relation to authorizing the making of a loan to a person connected with the accused as a director.</p>
2.	Failure to Notify of Change in Interest	Section 69F(2) of the CA 1965	A substantial shareholder of public company was convicted and sentenced to a fine totalling RM90,000.00 for three charges under section 69F(2) CA 1965. The accused failed to notify the change in interest in the company within seven (7) days as required under section 69F(2) CA 1965.
3.	Fraudulently Inducing Persons to Invest Money	Section 366(1)(a) of the CA 1965	<p>Two (2) former directors of a private company were convicted by the Kuala Lumpur Sessions Court and sentenced to a fine of RM30,000.00 each.</p> <p>The offence committed was in relation to inducing the company to subscribe to 250,000 units of shares in another company with a return of RM1,200,000.00 via a fraudulent Forecasted Income Statement.</p>
4.	Unauthorised Use of Company Property	Section 132(2)(a) of the CA 1965	<p>Two (2) directors of private company were convicted by the Johor Bahru Sessions Court in relation to the utilization of RM112,002.15 belonging to the company without the approval of the company.</p> <p>Both the directors were sentenced to a fine of RM6,000.00 each.</p>
5.	Directors Charged for Misappropriation of Funds	Sections 132(2)(a) and 132(1) of the CA 1965	<p>Two (2) directors of private company were charged at the Johor Bahru Sessions Court for misappropriating RM149,000.00 belonging to the company. Both the directors also faced an alternative charge under section 132(1) CA 1965 for breaching their fiduciary duties to act in the best interest of the company.</p> <p>The case is fixed for trial and both the accused were released on a bail of RM10,000.00 each with one (1) surety.</p>

ENFORCEMENT ACTION AGAINST ILLEGAL SCHEMES

The year 2013 witnessed another milestone with an increase rate in the prosecution and conviction of cases involving illegal investment schemes.

LANDMARK CASES ON ILLEGAL SCHEMES IN 2013

No.	Type Of Scheme	Offence (Section)	Description
1.	Illegal Stevia Investment Scheme	Section 363(3) of the CA 1965	<p>The operator of a scheme was convicted in the Kuala Lumpur Sessions Court for offering an unregistered scheme which collected monies from members of the public.</p> <p>The accused was sentenced to a fine of RM50,000.00 and ordered by the Court to pay RM500,00.00 in compensation to the affected investors under section 426 of the Criminal Procedure Code.</p>
2.	Catfish Investment Scheme	Section 94(1)(b) of the CA 1965	A director of scheme was sentenced to a fine of RM17,000.00 by the Kota Bahru Sessions Court for breaching under the trust deed in relation to the utilization of investment monies kept in the trust account maintained by the trustee.
3.	Catfish Investment Scheme	Section 94(1)(b) of the CA 1965	A public company being an operator of a scheme and its two (2) directors were charged at the Seremban Sessions Court for failing to comply with the terms of the trust deed to pay the monies received from investors into the trustee's bank account.
4.	Illegal Worm-Farming Investment Scheme	Section 91(1) of the CA 1965	A director of a private company was convicted by the Kuantan Sessions Court for offering an illegal worm-breeding scheme.
5.	Illegal Worm-Farming Investment Scheme	Section 91(1) of the CA 1965	The directors of a private company were charged at the Petaling Jaya Magistrate Court for illegally offering an investment scheme to members of the public without an approved deed.
6.	Promotion Of Kootu Funds	Section 3 of the Kootu Funds (Prohibition) Act 1971	<p>The Kuala Lumpur Session Court convicted the business owners for carrying out a business of promoting kootu funds known as 'Program Ekspres' to the public at large.</p> <p>Both the accused were sentenced to a fine of RM2,400.00 each.</p>

CASES REGISTERED FOR COURT IN 2013

A total of 12,258 Common Offences and Serious Corporate Governance Offences cases were registered in the courts nationwide in year 2013 with fines totalling RM1,236,220 for offences committed under these Acts.

The following table highlights the statistics for cases registered and court convictions obtained year 2013:

Number of Cases Registered on Common Offences under CA 1965 & ROBA 1956

No.	Category of Offences Under CA 1965 & ROBA 1956	No. of Cases Registered
COMMON OFFENCES:		
1.	Section 165(4) CA 1965 : Failure to lodge Annual Returns	6,444
2.	Section 143(1) CA 1965 : Failure to hold Annual General Meeting	2,753
3.	Section 169(1) CA 1965 : Failure to table accounts at the Annual General Meeting within the prescribed period	2,517
4.	Section 121(1)(b) CA 1965 : Failure to print company name & number on official documents	15
5.	Section 234(5) CA 1965 : Statement of company's affairs to be submitted to official receiver	9
6.	Section 139(1B) CA 1965 : Office of company secretary left vacant for more than one month	15
7.	Section 169 (15) CA 1965 : Failure to annex statutory declaration to the balance sheet and profit and loss account of a company	4
8.	Section 11A ROBA 1956 : Failure to display business certificate	6
9.	Section 12(1)(a) ROBA 1956 : Carrying on business without registration	38
10.	Section 12(1)(b) ROBA 1956 : Carrying on business after business registration expired	210
11.	Section 12(2) ROBA 1956 : Failure to display certificate of registration	38
12.	Rule 17A(1)(b) ROBA 1956 : Failure to submit change of registered business particulars	32
13.	Rule 17A(2) ROBA 1956 : Failure to display signboard	79
Total		12,160

Number of Cases Registered on Serious Corporate Governance Offences under CA 1965 & ROBA 1956

No.	Category of Offences Under CA 1965 & ROBA 1956	No. of Cases Registered
SERIOUS CORPORATE GOVERNANCE OFFENCES:		
1.	Section 12(1)(d) ROBA 1956 : Makes or furnishes the Registrar with false information	10
2.	Section 91(1) CA 1965 : Issuing of interest without an approved deed	4
3.	Section 94(1)(b) CA 1965 : Failure to comply with a covenant contained in a deed	5
4.	Section 132(1) CA 1965 : Failure to exercise power as director of a company in the best interest of the company	1
5.	Section 132(2)(a) CA 1965 : Use of company property without the consent or ratification of a general meeting	1
6.	Section 132(2)(c) CA 1965 : Director uses his position as director or officer without the consent or ratification of a general meeting	2
7.	Section 131(2) CA 1965 : Disclosure of interest in contracts, property, offices, etc	3
8.	Section 139C CA 1965 : Acting as company secretary after being disqualified	27
9.	Section 364(2) CA 1965 : Person who makes or authorizes the making of a statement, false or misleading, in any material particulars, knowing it to be false or misleading	9
10.	Section 370(1) CA 1965 : Default penalty proceedings for continuous default	36
	Total	98
Grand Total		12,258

PROSECUTION'S CONVICTIONS OBTAINED IN 2013

In the year 2013, SSM obtained a total of 1,121 convictions (2012: 1,428 convictions) against individuals, directors and companies for breaches of the ROBA 1956 and CA 1965. A decline of 307 cases with convictions is noted due to on-going trials being concluded in 2012 with convictions obtained in that year.

SUMMARY OF CONVICTIONS IN 2013

No.	Category	Corporate Governance Convictions	Non-compliance Convictions	Total Fine Imposed by the Courts (RM)
1.	Companies	0	277	130,335
2.	Directors	20	719	1,063,835
3.	Business Owners / Individuals	3	102	42,050
Total		23	1,098	1,236,220

LITIGATION

During the year, the Litigation Section saw an increase in the total number of opened with 474 files as at 31 December 2013 [2012: 391 files]. The categories of files are as listed below:

	Total No. Of Files Opened	Active Files	Closed Files
Court Case	364	149	215
Advice	63	21	42
Meetings	12	11	1
Miscellaneous	35	16	19
Total	474	197	277

OVERVIEW OF SIGNIFICANT CIVIL CASES INVOLVING SSM

Protecting the public from illegal interest schemes:

- i) **Kuala Lumpur High Court Originating Summons No. 24NCC-259-08/2013: Suruhanjaya Syarikat Malaysia v Dewi Marina bt Md Nasir (trading as Green Agro World) & Anor.**

This is an application for an injunction order pursuant to section 368A of the CA 1965 against the Defendants.

Pursuant to section 91(1) CA 1965, SSM conducted an investigation into the Defendants' business operation which offered to the public an interest scheme without a trust deed approved by the Registrar of Companies. This provision seeks to protect the public from making an investment in any interest scheme which has not been registered with SSM.

The findings of the investigation showed the Defendants had breached section 91(1) CA 1965 and had failed to comply with Part IV Div 5 CA 1965. The Defendants were still offering the investment scheme to the public even after receiving an order from SSM to comply with Part IV Div 5 CA 1965.

The Court allowed SSM's application for injunction with costs of RM2,000. The Defendants have been restrained from continuing to offer the scheme to the public unless they comply with the provisions under CA 1965 and register the schemes as an interest scheme.

This case reflects SSM's ongoing efforts to curb illegal scheme offering and protect the public.

Application to reinstate the name of company which was struck off under section 308 CA 1965:

- ii) **Shah Alam High Court Originating Summons No. 24-970-07/2013: Ng Pak Yoong v Suruhanjaya Syarikat Malaysia**

This is an application to reinstate a company known as Connexion Sdn. Bhd. (820646-T) back into the Register of Companies pursuant to section 308(5) of the CA 1965.

SSM objected to the application based on the following grounds:

- The striking-off process was done in accordance to the law;
- The company lacked corporate governance;
- Substances of the Tenancy from the owner of the premises; and
- Balancing exercise principle.

The Court held that there was no evidence to support the applicant's contention that the company was running its business. The Court dismissed the case with cost of RM1,000.

Protecting SSM officers against frivolous and vexatious legal actions:

iii) Kuala Lumpur High Court Originating Summons No. 22NCVC-955-08/2012: Yap Teck Chow & Anor -v- Yap Teck Loke & 4 Ors

In this case the Plaintiffs alleged that:

- i) The Prosecuting Officer of SSM (PO) (the 5th Defendant) had conspired with 4 other Defendants to ensure that criminal action is taken by SSM against the Plaintiffs and to ensure their conviction;
- ii) As a result of the conspiracy, the Plaintiffs suffered financial losses. The Plaintiffs claimed damages of RM4 millions, interest and costs against the defendants.

SSM had filed the Notice of Application to strike out the Originating Summons (OS) against the SSM's PO pursuant to Order 18 rule 19 of the Rules of Court 2012 on the grounds that the OS did not disclose any cause of action, that was scandalous, frivolous and vexatious. The Court allowed the said application with costs of RM5,000.

Corporate Hijacking

iv) Kuala Lumpur High Court Writ No. 21NCVC-115-05/2012: Ee Chong Wah & 2 Ors v Supreme Tribute Sdn. Bhd.

This is a corporate hijacking case involving the falsification of Form 44 and 49 lodged with SSM. The Plaintiffs alleged that SSM was negligent and/or breached its statutory duties under the law when SSM accepted and registered the said Form 44 and 49. SSM was named as the 5th Defendant.

In this case, the Plaintiffs had filed an application to add the Director of Registration Services Division and Head of Section, Registration of Companies of SSM as additional defendants.

SSM had objected to the Plaintiff's application on the grounds that, inter alia, SSM can sue and be sued in its own name and SSM's officers are protected against personal liability under section 25 of the SSM Act 2001. On 23 August 2013 the Court dismissed the said application with costs of RM3,000.

Application to rectify register of members and directors involved in fraud and forgery:

v) Tawau High Court Writ of Summons No. T(22) 60/2010 & Writ of Summons No. T(22)61/2010: Scholastica J Pairen & 2 Ors v Serba Wawasan Jadi Sdn. Bhd. & 6 Ors

This is an application by the Plaintiffs for an order to rectify the register of members and the directors of the Serba Wawasan Jadi Sdn. Bhd. (826364-H) & Alam Motivasi Sdn. Bhd. (859953-K). SSM was named as the 7th Defendant in this suit. This case involved issues of fraud and forgery.

The Court found no evidence to prove that SSM was negligent and/or had breached its statutory duties under the law. The Court dismissed the case with costs of RM7,000.

Application for leave to act as director pursuant to section 130 of CA 1965:

vi) Kota Kinabalu High Court Originating Summons No. BKI-24-296/12-2012: Albert Liew Tze Hyen v Companies Commission of Malaysia

This is an application by the Plaintiff for leave to act as director pursuant to section 130 (2) of the CA 1965. On 20 December 2011, the Plaintiff had pleaded guilty to a charge brought by SSM pursuant to section 131(5) of the CA 1965.

The Plaintiff sought leave from the Court to act as directors in (i) Crest Fertilizer Technology Sdn. Bhd. (ii) Crest Technical Services Sdn. Bhd. and (iii) for leave to act as director in any other company which the Plaintiff may be involved with in the future. SSM objected to the Plaintiff's application in para (iii) above based on the following grounds:

- i. There is uncertainty in the structure and nature of the future companies;
- ii. The Plaintiff's application under para (iii) herein is baseless, wide and speculative;
- iii. The offence committed is a serious offence.

The Court agreed with the contention raised by SSM and dismissed the Plaintiff's application under para (iii) with costs of RM1,500.

Improper termination of business by SSM:

vii) Teluk Intan Sessions Court Originating Motion No: 54-1-5/2012: Nageswari A/P Jeganathan v. SSM & Third Party

In this case, the Plaintiff claimed that SSM had acted negligently in registering the name of Nalam Enterprise (IP0276617-K) owned

by the 3rd Party and terminated the existing business owned by the Plaintiff in the name of Nalam Enterprise (IP0094570-P) without the Plaintiff's knowledge. The Plaintiff also claimed RM120,000.00 as damages for losses from the termination of her business. SSM had submitted to the Court that the termination of the Plaintiff's business registration is solely based on the document lodged with SSM. Therefore, SSM had acted bona fide and without any conflict of interest.

The Court found no evidence to prove that SSM was negligent and/or had breached its statutory duties under the law. The Court dismissed the Plaintiff's application with costs to be assessed.

SSM will not hesitate to take swift and just enforcement action by working closely with other government agencies to ensure that appropriate enforcement action is taken against the offenders. Meanwhile the Enforcement Division of SSM continued to carry out initiatives and programs to encourage businesses/companies to comply voluntarily and at the same time help to improve the competencies of company directors and business owners in managing the business in a transparent, accountable and responsible manner.

REPORT ON REGULATORY REFORM INITIATIVES

Various law reform initiatives have been introduced as part of SSM's efforts to have in place a legal frame work that is dynamic and innovative and supportive of the needs of the business community in Malaysia. Amongst the reform initiatives being introduced by SSM is the Companies Bill which is intended to replace the existing Companies Act 1965 and the introduction of the new Interest Scheme Bill. The Companies Commission of Malaysia Act 2001 is also being amended to strengthen the functions and operations of SSM by consolidating various enforcement provisions from different statutes under SSM's administration into this Act. Corollary amendments are also being made to the Registration of Businesses Act 1956, the Trust Companies Act 1949 and Limited Liability Partnerships Act 2012 to strengthen and improve operational efficiency.

THE NEW COMPANIES BILL

The proposed legislative changes in the Companies Bill are based on their commendations of the Corporate Law Reform Committee (CLRC) which was established to conduct a comprehensive review of the existing Companies Act 1965. Current international trends relating to the corporate landscape are also been considered to ensure that the corporate legal frame work proposed in Malaysia is comparable to that of other developed nations. The proposed provisions in the new bill are also expected to reduce the regulatory burden and compliance costs, provide greater flexibility for companies and improve corporate governance.

PUBLIC CONSULTATION SESSIONS ON THE COMPANIES BILL AND INTEREST SCHEME BILL

SSM held public consultations on the Companies Bill and the Interest Scheme Bill with stakeholders from 2 July 2013 until 10 August 2013 to gain insight and feedback from the corporate sector and professional practitioners. Public consultation sessions with stakeholders were held over several days, that is, on 16th, 23rd and 29th July 2013 and 5th August 2013 and involved the following organisations:

- (a) Government agencies;
- (b) Corporate regulators;
- (c) Chamber of Commerce;
- (d) Professional bodies, and
- (e) Representatives of the business communities.

A total of 47 stakeholders responded with feedback which was taken into consideration during the drafting process of the new Companies Bill and the Interest Scheme Bill. During the year, SSM organized 16 sessions from February 2013 to November 2013 with the Attorney General Chambers and the Legal Division of the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) to deliberate on the Companies Bill. The Attorney General's Chamber is currently reviewing the final draft all new bills and amendments to existing Acts and these are expected to be tabled in Parliament for First Reading in March 2014.

THE INTEREST SCHEMES BILL

At present, the legal frame work regulating Interest Schemes is contained in Chapter 5 of Part IV of the Companies Act 1965. The introduction of the new Interest Scheme Bill as a separate Act is essential to create and regulate the business environment for alternative methods of raising funds on the basis of 'joint enterprise' (common enterprise). The Interest Scheme Bill is intended to provide a legal framework to regulate the registration; administration and winding up of interest schemes as well as improve protection mechanisms to safeguard the interests of stakeholders.

INTRODUCTION OF THE LIMITED LIABILITY PARTNERSHIPS ACT 2012

MyLLP, the official registration portal for limited liability partnerships, was launched by SSM on 21 February 2013. The Limited Liability Partnerships Act 2012 came into force on 26 December 2012 to introduce the Limited Liability Partnerships vehicle as a new mode of doing business in Malaysia. A number of programmes were held across the country to educate and provide awareness of the new mode of doing business to interested stakeholders, professional bodies and government agencies during the year.

ISSUANCE OF PRACTICE NOTES 2013

SSM issued Practice Note No. 16/2013 in 2013 to facilitate a better understanding of the application of the Companies Act 1965 by the business community. Practice Note No. 16/2013 was issued on 15 November 2013 to provide further clarification on the procedures relating to submission of Forms 24 and 29 under the Companies Act 1965.

REPORT ON STAKEHOLDER'S ENGAGEMENT AND COLLABORATIONS

Stakeholder engagement is increasingly becoming a part of mainstream business practice and central to public policy decision-making and delivery. It is a critical process that helps companies understand their key environmental and social impacts, identify risks and develop innovative products. It is being used as a means to improve communications, obtain wider community support or buy-in for projects, gather useful data, adopt ideas, enhance public sector or corporate reputation and provide for more sustainable decision-making processes. Some of the initiatives undertaken by SSM in the year 2013 are found in the ensuing paragraphs.

THE CORPORATE PRACTICE CONSULTATIVE FORUM

The Corporate Practice Consultative Forum (CPCF), introduced in 2005, provides an avenue for greater co-operation between SSM, members of the prescribed bodies and company secretarial associations. The CPCF members comprise:

- (a) The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA);
- (b) Malaysian Institute of Accountants (MIA);
- (c) The Malaysian Institute of Certified Public Accountants (MICPA);
- (d) The Malaysian Bar;
- (e) Malaysian Association of Company Secretaries (MACS);
- (f) Institute of Approved Company Secretaries (IACS);
- (g) Malaysia Corporate Counsel Association (MCCA);

- (h) The Advocates Association of Sarawak;
- (i) Sabah Law Association; and
- (j) Government-linked companies (GLCs) [represented by Khazanah Nasional Berhad and Bumiputera Commerce Holdings Berhad].

On 11 March 2013, SSM conducted a CPCF session to discuss issues pertaining to policy and technical matters. The forum also accorded SSM the opportunity to update members on its new products, practice notes and projects.

SSM ANNUAL DIALOGUE SESSIONS

The SSM Annual Dialogue, introduced in 2005, is one of the primary avenues for the stakeholders to engage in an open discourse with SSM. The main objectives of the Annual Dialogue are:

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

The SSM Annual Dialogue 2013 was held on 10th and 11th December 2013 in Kuching, Sarawak and Kota Kinabalu, Sabah respectively. A total of 260 participants (Sarawak [140] and Sabah [120]) comprising representatives from various professional bodies, Chambers of Commerce, Industrial Associations and other Government Agencies attended the Annual Dialogue. Both the Dialogues were officiated by Puan Zahrah Abd Wahab Fenner, Deputy Chief Executive Officer (Services). The first session of the Annual Dialogues comprised of two presentations entitled “Overview on SSM’s Initiatives 2013” and “New Developments in the Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT): Understanding the Rule of Non-Profit Organisations”. The second session of the Annual Dialogues touched on various issues raised by the stakeholders and these were deliberated by both SSM and its stakeholders.

CORPORATE REGISTERS’ FORUM (CRF) 2013

In 2013, SSM participated in the Corporate Registers’ Forum (CRF) 2013 held in Auckland, New Zealand which was hosted by the Companies Office, Ministry of Business, Innovation and Employment of New Zealand. The theme for the conference was “Tomorrow’s Registries Today – Tell, Inspire, Revolutionize”. The delegation from SSM, comprising four senior officers, was headed by Puan Zahrah Abd Wahab Fenner, Deputy Chief Executive Officer (Services).

PARTICIPATION IN SURVEYS BY INTERNATIONAL ORGANISATIONS

In 2013, SSM took part in several surveys organised by the World Bank on matters pertaining to the “Ease of Doing Business Report 2014”. The surveys focused on the following indicators:

- (a) Starting a Business;
- (b) Resolving Insolvency; and
- (c) Protecting Investors.

SSM also provided its input to the “Global Forum on Transparency and Exchange of Information for Tax Purposes, Peer Review and the Investment

Policy Peer Review” organized by the Organisation for Economic Co-Operation and Development (OECD), and the “2013 Survey by the European Commerce Registers’ Forum”. Participation in the surveys and questionnaires is envisioned to establish Malaysia’s competitiveness at the international front as a favourable investment destination.

BEST BUSINESS PRACTICE CIRCULAR 4/2013

SSM and UNICEF Malaysia launched their 3rd Best Business Practice Circular (BBPC) entitled “Education for Sustainable Development: Promoting Technical Education and Vocational Training” on 5 March 2013. The collaborative effort between SSM and UNICEF Malaysia provides guidance to companies on their corporate responsibility of education provision.



The BBPC highlights the provision of technical education and vocational training (TEVT) through public-private partnerships (PPP) as an alternative to mainstream education as education is known to be linked to economic advancement. The rapid changes in technology, work and social environment must be addressed to keep up with local and global demands.

The BBPC is in line with two critical child-rights documents; the Convention on the Rights of the Child (CRC) and the Children’s Rights and Business Principles (CRBP). Article 28 of the CRC encourages the development of the different forms

of secondary education, including vocational training that should be made available and accessible to every child, thereby ensuring them of their right to education. Principle three (3) of the CRBP emphasizes the need for decent work for young workers. In addition, the CRBP urges the corporate sector to protect children and young workers, as well as demonstrate their commitment to the rights and well-being of children and young people.

In a press statement, SSM's CEO Dato' Mohd Naim Daruwish said "Children and young workers are the key stakeholders of businesses as they are the consumers, young workers, sons/daughters of the employees, future employees and business leaders of tomorrow."

BEST BUSINESS PRACTICE CIRCULAR 5/2013

On 2 July 2013, SSM launched the Best Business Practice Circular 5/2013 (BBPC 5/2013) entitled "Corporate Responsibility: Guidance to Disclosure and Reporting" with the main objective of raising awareness among the companies and businesses in Malaysia of the need to be transparent and to disclose their corporate responsibility initiatives.



The launch ceremony was officiated by Encik Mohamed Zanyuin bin Ismail, Deputy Chief Executive Officer (Operations), SSM at Equatorial Hotel, Penang and was attended by about 114 guests drawn from government agencies, trade associations, GLCs, company secretary associations, legal associations, NGOs, companies and businesses.

BBPC 5/2013 supports SSM's initiatives to introduce a new regime of non-financial reporting through the new Companies Act. In future, the new regime will entail the submission of the business review report under the Director's Report together with the Financial Statements. For the business review, companies may report on the following:

- (a) Environmental matters, including the impact of the company's business on the environment;
- (b) The company's employees; and
- (c) Social and community issues.

To facilitate reporting that is balanced, accurate and is lined with reliable corporate responsibility, BBPC 5/2013 provides companies and businesses with information on available standards and resources together with benefits of implementation. It also provides an insight into the proposed Malaysian Standard for Social Responsibility, which is based on the ISO 26000 but which has been adapted to the local social and environmental culture.

SSM'S CORPORATE RESPONSIBILITY SEMINAR SERIES

Since its introduction three years ago in 2011, SSM has organized a series of Corporate Responsibility Seminar Series (CRSS) in Malaysia in Kuala Lumpur, Johor Bahru and Kota Kinabalu. CRSS was introduced with the objective of raising awareness among small and medium enterprises (SMEs) on the important issues and current practices relating to corporate responsibility towards achieving business sustainability. Apart from issues of corporate responsibility, CRSS also provides participants with the latest information on SSM's corporate governance initiatives.

In 2013, the CRSS was conducted in Kuching and Penang and was themed "Towards a Sustainable Future". The seminars served as an interactive platform to bring together SSM and the private sector to share their best practices on Corporate Responsibility initiatives. The seminars featured SSM's corporate responsibility framework (SSM CR Agenda) together with the private sector's perspectives and the current best practices. SSM is one of the key drivers promoting corporate responsibility practices amongst the corporate and business community in Malaysia.

In Kuching, the CRSS was held on 28 March 2013 and was attended by representatives of companies and businesses, professional bodies, company secretaries, academicians and other organizations. Three papers entitled as follows were presented at the seminar:

- (a) "SSM CR Initiative and LLP Updates" by Puan Norhaslinda Salleh, Head of Section, Corporate Planning and Strategy, Corporate Development and Policy Division (SSM);
- (b) "Green Mission, Greener Vision – Building a Business with Conscience" by Miss Julan Yu Abit, Corporate Communications Manager, Trienekens (Sarawak) Sdn. Bhd; and
- (c) "Heart of Borneo Initiative" by Dr Henry Chan, Head of Conservation, World Wide Fund of Nature (WWF)

In Penang, the CRSS was held on 2 July 2013 and was attended by a total of 114 participants representing government agencies, trade associations, GLCs, company secretaries, legal associations, NGOs, companies and businesses.

As this CRSS was conducted after the launch of BBPC 5/2013, the four (4) presentations were on the following subjects:

- (a) "Corporate Governance and CR in the Innovation Economy" by Puan Nor Azimah Abdul Aziz, Director of Corporate Development and Policy Division (SSM);
- (b) "SSM's Corporate Responsibility Initiatives" by Puan Norhaslinda Salleh, Head of Section, Corporate Planning (SSM);
- (c) "CSR Disclosure and Reporting" by Mr. Gabriel Chong, Engagement Director, Helikonika Advisory Sdn. Bhd; and
- (d) "Embracing Sustainability – the way forward for SMEs" by Dr. Tan Cheng Woi, CEO, Nukleus Innerwear Sdn. Bhd.

Both CRSS encouraged participants to raise questions in relation to the topic of presentations or corporate responsibility in general at the end of the presentations. The CRSS also provided a platform and an opportunity to raise non-related corporate responsibility issues specifically concerning the compliance and enforcement powers under SSM's purview.



The Chief Executive Officer of SSM receiving award for the contribution to Millennium Development Goal Eight: Develop a Global Partnership for Development from United Nations on 24 October 2013.

5S QUALITY ENVIRONMENTAL PRACTICE

The implementation of 5S was expanded to the State Office/Branches during the months of January to October 2013. The 5S practice has received overwhelming response with all employees being fully committed to the success of its implementation.

The Malaysia Productivity Corporation (MPC) audit was conducted between 25 July to 8 November 2013 and overall, state offices/branches successfully achieved certification of the 5S practice. The dates of certification are as follows:

States/Branches	Date of Certification
Sarawak	31 July 2013
Sabah	1 August 2013
Johor	19 September 2013
Perak	17 September 2013
Terengganu	19 September 2013
Selangor	23 October 2013
Pahang	30 September 2013
Kedah	30 September 2013
Kelantan	6 October 2013
Penang	23 September 2013
Negeri Sembilan	24 September 2013
Melaka	26 September 2013
Perlis	26 September 2013
Labuan	25 September 2013
Muar	25 September 2013
Temerloh	8 November 2013
Miri	23 October 2013
Tawau	18 September 2013

TOWARDS THE IMPLEMENTATION OF MS ISO 9001:2008

MS ISO 9001:2008 is an international standard that is used as a reference by an organization to develop a Quality Management System (QMS).

SSM has now moved towards the implementation and certification of MS ISO 9001:2008 for business registration process at its headquarters. SIRIM QAS International Sdn. Bhd. was selected as the certification body to carry out the audit while SIRIM Training Services Sdn. Bhd. was appointed both as a consultant and training provider to the staff involved. Training conducted in preparation for ISO implementation was as follows:

Date	Training	Employees involved
20 April 2013	Understanding and Implementation of MS ISO 9001:2008	30 participants
18 May 2013	Documentation of MS ISO 9001:2008	Steering Committee of MS ISO 9001:2008
4 & 5 October 2013	Internal Audit MS ISO 9001:2008	Internal Audit Committee MS ISO 9001:2008

AUDIT SESSION BY CHIEF GOVERNMENT SECURITY OFFICE

Chief Government Security Office conducted a safety inspectorate in SSM on 11 April 2013 to determine the level of security protection in SSM. Overall, the level of security protection in SSM was found to have met the criteria required by the guidelines for the assessment of security protection.

MINISTRY OF DOMESTIC TRADE, CO-OPERATIVES AND CONSUMERISM (MDTCC) INNOVATION AWARD

MDTCC Innovation Day 2013 was held on 31 October 2013 and was launched by Dato' Sri Hasan Malek, Minister of MDTCC. A major activity was the according of recognition to the implementation of innovative ideas in agencies under the Ministry.

SSM participated in the Innovation Award and 5S Quality Environmental Best Practice and its achievements in the competition was largely a result of commitment, creativity and strong teamwork from all its employees.

The best Innovation Award		
Rating	Project	Prize
First	System Corporate and Business Information (CBID)	RM5,000.00 + Trophy + Certificate
Second	Introduction of Limited Liability Partnership (LLP)	RM3,000.00 + Trophy + Certificate
Third	CCM Easybiz Kiosk	RM2,000.00 + Trophy + Certificate

Environmental Quality Best Practice Award	
Rating	Prize
First	RM3,000.00 + Trophy + Certificate

2013 PROMOTIONAL AND OUTREACH INITIATIVES OF SSM

In 2013, SSM carried out various promotional activities to market its products and services.

AWARENESS PROGRAMMES

A. OUTREACH PROGRAMME

Throughout 2013, SSM organised a number of community-based programs which took the form of a variety of activities such as:

- (a) Briefing sessions;
- (b) Exhibition booth and sales booth; and
- (c) Quizzes at SSM's exhibition booth.

SSM's participation in these programmes, has had a positive impact for the following reasons:

- (a) As an organisation that supports the importance of practising good corporate responsibility (CSR), SSM has successfully utilized these outreach programmes to organise a number of communities-based programmes.
- (b) The programmes have enhanced SSM's brand and image in rural areas as a platform to promote its functions, roles, services and products through exhibitions and its business registration counters;
- (c) The programs have strengthened networks and collaboration with other stakeholders; and
- (d) The branding or status of SSM has been elevated.

In summary, this outreach programme has benefited SSM as it has exposed people to the importance of registering their businesses or incorporating companies as well as complying with the legal requirements of all businesses.

SSM organized the following awareness programmes during the year 2013:

No.	Programme	Date
1.	<i>Program SSM Bersama Rakyat Taiping, Perak</i>	26 January 2013
2.	<i>Program Bersama Masyarakat Felda Mayam, Bera, Pahang</i>	25 February 2013
3.	<i>Program SSM-MyIPO Bersama Rakyat Bera, Pahang</i>	3 March 2013
4.	<i>Program Bersama Masyarakat Felda Bukit Kepayang</i>	10 March 2013

No.	Programme	Date
5.	<i>Program Bersama Masyarakat Kerayong Indah, Padang Luas, Bera, Pahang</i>	29 April 2013
6.	<i>Program Pemimpin Bersama Rakyat Sempena Lawatan Kerja YBM Ke Pulau Perhentian, Terengganu</i>	14 July 2013
7.	<i>Program SSM Bersama Penjaja Dan Masyarakat Setempat Kuala Besut, Terengganu</i>	21 July 2013
8.	<i>Rumah Terbuka Aidilfitri KPDNKK Di Kuala Pilah, Negeri Sembilan</i>	1 September 2013
9.	<i>Program YB Menteri PDNKK Bersama Masyarakat Kota Baharu, Kelantan</i>	2 October 2013
10.	<i>Program SSM-MyIPO Bersama Masyarakat Tapah, Perak</i>	5 October 2013
11.	<i>Program Sembang Pengguna, Kuang Dan Kuala Selangor</i>	6 October 2013
12.	<i>Program Mesra KPDNKK Bersama Masyarakat Peringkat Negeri Terengganu – Kuala Terengganu</i>	10 October 2013
13.	<i>Program Mesra KPDNKK Bersama Masyarakat Dungun Terengganu</i>	10 October 2013
14.	<i>Program Kepenggunaan Bersama Skuad Pengguna Dan Pemimpin Masyarakat Wilayah Persekutuan, Kuala Lumpur</i>	17 October 2013
15.	<i>Program Forum Perdana Sungai Limau, Yan, Kedah</i>	24 October 2013
16.	<i>Program Gotong-Royong Penjaja Sungai Limau, Yan, Kedah</i>	2 November 2013
17.	<i>Program Hari Penjaja dan Peniaga Kecil Peringkat Sarawak</i>	16 November 2013
18.	<i>Program Hari Penjaja Dan Peniaga Kecil Peringkat Negeri Sembilan</i>	20 - 22 November 2013
19.	<i>Program Hari Penjaja dan Peniaga Kecil Peringkat Wilayah Persekutuan</i>	13 - 15 December 2013
20.	<i>Program Hari Penjaja dan Peniaga Kecil Peringkat Negeri Selangor</i>	19 – 20 December 2013

B. STAKEHOLDERS' ENGAGEMENTS

Other than that, SSM strengthened its stakeholders' collaborations in order to provide the best service to the community. Strategic collaborations and maintaining good relations with the mass media played a major role in maintaining SSM's positive image through the news reported in the printed and electronic media. In the meantime, SSM has good relations with the local and foreign organisations through the networking acquired shown during courtesy visits.

Detailed information on initiatives carried out by SSM in 2013 were as follows:

1. *Program Mesra Media Bersama YB Menteri, Port Dickson, Negeri Sembilan (5 – 7 July 2013)*
In order to achieve its programme goals and objectives, various activities were carried out such as Media Subsidy Hunt with the Minister (at Giant, Lukut), dinner with the Media Representatives, the best photo shoot of the YB Minister contest, Negeri Sembilan folk song singing competition by the members of media Consumerism Pop Quiz competition, fancy dress competition and performances by popular artists from Kuala Pilah.
2. *Majlis Berbuka Puasa Bersama Media, Alor Star, Kedah (27 July 2013)*
The purposes of the programme were as follows:
 - (a) Strengthening the good relationship between the Minister and Deputy Minister of DTCC and its agencies with the Negeri Sembilan and Kedah media community;
 - (b) Increase awareness among the members of the media on the role and functions of the ministry and its agencies;
 - (c) Provide understanding on the consumerism issues and the relevance of the ministry and its agencies;

- (d) Being able to exchange ideas and information in an effort to improve the incorporation and business registration processes, and
- (e) To serve as a catalyst for the media to continue delivering the news that will benefit the ministry and its agencies.

As part of SSM's branding strategies, the following programmes were held during the year.

- (a) Articles related to the program have been published in printed and electronic media;
 - (b) SSM logo being displayed on banners (backdrop) and buntings throughout the programme;
 - (c) SSM logo featured on the Media Subsidy Hunt's t-shirts, and
 - (d) Promotional advertisement over the State Radio stations mentioned SSM as one of the participating agencies.
3. A session with media practitioners was held during Majlis Ramah Mesra YB Menteri PDNKK Bersama Ketua Pengarang Media at Hilton Hotel Kuala Lumpur (22 August 2013)
 4. Visit to the Utusan Melayu Group (M) Berhad (27 June 2013)
 5. Discussions and get-to-know session with the following media organization:
 - (a) Harian Metro;
 - (b) Utusan;
 - (c) TV3 etc for advertorials and special reports on SSM.

MEDIA ENGAGEMENTS AND ADVERTISEMENTS

The year 2013 saw the use of electronic media by SSM in line with the SSM's 2013 Media Plan, which focused on SSM's appearance on the national television. Promotional and advertising packages of the 2013 Media Plan include several TV talk show programmes on TV3, NTV7 and TV9 and also TV3's prime time news Buletin Utama special reports. SSM's TV advertisements on its

products and services were also published during the year.

This year, a total of 306 (Newspapers), 30 (Radio) and 46 (TV) media coverage were carried out to report on current issues such as Investment Schemes, Limited Liability Partnerships, special report on Sedekad bersama SSM, special report on SSM in collaboration with KPDNKK as well as SSM's promotional initiatives on its products and services. Several media appearances and interviews were organised to disseminate key messages and to promote greater public awareness of SSM and its role, products, services and initiatives in improving public service delivery.

COURTESY VISITS FOREIGN DELEGATES

Throughout the year, SSM received a number of courtesy visits from local and foreign counterparts as well as a series of study visits from local university students. Information provided during the visits normally focused on introduction to SSM's functions, products and services, especially its online services and other initiatives that are underway and that are in the pipeline. List of courtesy and study visits for the period January 2013 until December 2013 are as follows:

COURTESY AND STUDY VISITS TO COMPANIES COMMISSION OF MALAYSIA 2013

No.	Programme/Event	Date
COURTESY VISIT		
1.	<i>Malaysia International Entrepreneurs Association</i>	10 January 2013
2.	<i>Royal Malaysia Police College (MPDRM)</i>	11 January 2013
3.	<i>Corporate Services Department Labuan Financial Services Authority (Labuan FSA)</i>	16 January 2013
4.	<i>The Investment Enabling Environment (INVEST) Project, Philippine.</i>	18 February 2013
5.	<i>UniKL Business School.</i>	20 February 2013

No.	Programme/Event	Date
6.	<i>Securities and Exchange Commission of Pakistan.</i>	27 February 2013
7.	<i>UiTM Johor.</i>	28 February 2013
8.	<i>Kolej Komuniti Bandar Darul Aman</i>	1 March 2013
9.	<i>UniPacific Corporate Services Sdn. Bhd.</i>	13 March 2013
10.	<i>Lembaga Pertubuhan Peladang (LPP)</i>	15 March 2013
11.	<i>UiTM Shah Alam.</i>	21 March 2013
12.	<i>GABEM</i>	23 April 2013
13.	<i>University Sunway</i>	26 April 2013
14.	<i>Chartered Tax Institute of Malaysia (CTIM)</i>	30 April 2013
15.	<i>UiTM Shah Alam</i>	9 May 2013
16.	<i>PTPL Sentral</i>	20 June 2013
17.	<i>GENOVASI (Diplomain Public Management)</i>	4 July 2013
18.	<i>National Economic Council Republic of Indonesia</i>	11 September 2013
19.	<i>Turkey Government (Department of Registrar)</i>	11 September 2013
20.	<i>OECD Global Forum Secretariat</i>	12 September 2013
21.	<i>PTPL Shah Alam</i>	12 September 2013
22.	<i>UniKL</i>	12 September 2013
23.	<i>Cybernetics College of Technology KL</i>	27 September 2013
24.	<i>UPM</i>	27 September 2013
25.	<i>MKM</i>	27 September 2013
26.	<i>University Selangor</i>	31 October 2013
27.	<i>UiTM Shah Alam</i>	31 October 2013
28.	<i>Royal Malaysia Police College (MPDRM) Kuala Lumpur</i>	8 November 2013
29.	<i>UiTM Johor</i>	13 November 2013
30.	<i>Timor-Leste SERVE Mission</i>	28-29 November 2013

EXHIBITIONS AND EXPOSITIONS

In 2013, SSM participated in various exhibitions and expositions nationwide. SSM also received invitations by the Franchise Development Division of the Ministry of Domestic Trade, Co-operatives and Consumerism participated in international expositions such as in Guangzhou, China and Sharjah, UAE. Apart from being a platform to promote the local franchise in the international market and franchise business systems, these international expositions were visited by potential investors looking for new business opportunities. Thus, SSM's participation is essential to facilitate enquiries on setting up businesses in Malaysia.

OUTREACH PROGRAMMES AT STATE OFFICES

The role of SSM state offices throughout Malaysia is equally important with that of the head office. The state offices had organized programmes to educate business communities on the need to register the businesses as well as on the duties and responsibilities of directors, secretaries and shareholders as well as the new initiatives offer by SSM.

Good relationship with local authorities and municipal councils, trade associations and other enforcement agencies provided the opportunity for SSM to enlighten members of the public with regard to the functions and roles of SSM. This approach also helped SSM to facilitate the registration of businesses and increase the compliance rate of companies. During these programmes, stakeholders and traders are informed of the requirement of the Acts, their rights and services provided by SSM.

REPORT ON COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY

COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY (COMTRAC)

The Companies Commission of Malaysia Training Academy (COMTRAC) was established on 1 April 2007 to spearhead SSM's external stakeholders training initiatives. Its mission to train and educate a wide array of corporate role-players is consistent with SSM's functions as stipulated under subsection 17(d) of the Companies Commission of Malaysia Act 2001 which states:

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

Under SSM's Second Strategic Development Plan 2010 - 2014 (SDP II), the SSM Training Academy (COMTRAC) is specifically charged with driving Strategic Thrust 5 (Evolving to a knowledge driven organisation to develop competitive intelligence) towards achieving three (3) End-State Descriptions (ESD) through the execution of structured strategic projects.

SSM NATIONAL CONFERENCE 2013

SSM held its 3rd National Conference on 20 and 21 May 2013 with the theme, "Corporate Governance: The New Global Language for Business". The Conference was held at The Royale Chulan Hotel, Kuala Lumpur. The Conference was well attended by 256 delegates representing a diverse range of stakeholders from both the public and private sectors such as company secretaries (31%), managers (25%) and company directors/managing directors/Chief Executive Officers/Presidents (16%), with the rest being lawyers, executives, auditors/accountants, academicians, sole proprietors and representatives from several Government agencies and Ministries.

A total of 28 speakers, panellists and moderators delivered the following papers at the Conference:

- "Corporate Governance: The New Global Language for Business – Review and Comments"
- "The 21st Century Notion on Fiduciary Duty and the Business Judgment Rule"
- "Integrating Corporate Responsibility into Business Operations"
- "Rolling in the Deep - Embracing Challenges, Evolving Business Operations"
- "Interest Scheme - Governance and Investors' Protection"
- SSM Operations Updates
- SSM Enforcement Updates

- *SSM Regulatory and Policy Updates*
- *"Gearing Towards XBRL Format of Reporting: Are You Ready?"*
- *"Be Inspired! - Inculcating an Innovation Culture @ the Workplace"*

SSM REGIONAL NATIONAL CONFERENCE 2013

SSM organised the inaugural National Regional Conference on 11 and 12 June 2013 with the theme, "Limited Liability Partnerships and SSM Corporate Updates 2013". Held in Kuching, Sarawak, the Conference was well attended by 167 delegates comprising a diverse range of stakeholders from both the public and private sectors such as company directors/chief executive officers/managing directors (31%) and company secretaries (30%) with the rest being managers, executives, auditors/accountants, lawyers, sole proprietors and representatives from several Government agencies and Ministries.

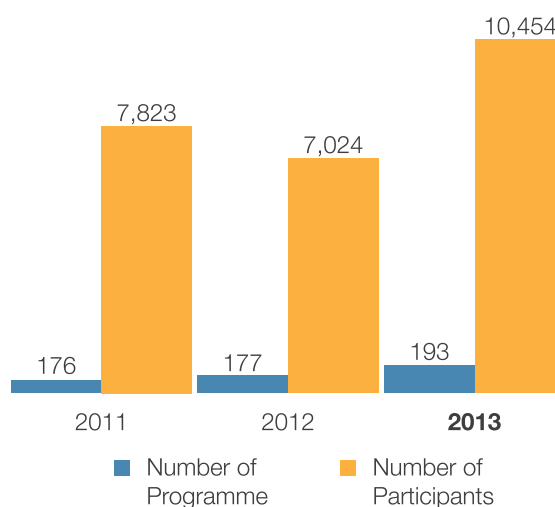
A total of 15 speakers, panellists and moderators delivered the following papers at the Conference:

- *"Limited Liability Partnerships Act 2012 – Introduction of a New Business Vehicle in Malaysia"*
- *"Interest Scheme: Governance and Investors' Protection"*
- *"Gearing Towards XBRL Format of Reporting: Are You Ready?"*
- *SSM Operations Updates*
- *SSM Regulatory and Policy Updates*
- *SSM Enforcement Updates*

STAKEHOLDERS' EDUCATION AND AWARENESS

In 2013, COMTRAC conducted a total of 193 programmes (2012: 177) which were attended by 10,454 participants (2012: 7,024).

Number of programmes and participants from 2011 to 2013



Overall, the corporate programmes conducted in January to December 2013 are as follows:

Programmes	No. of Programmes	No. of Participants
Corporate Directors Training Programmes (CDTP)	21	387
• CDTP Fundamental		
• CDTP Intermediate		
• CDTP Advanced		
• CDTP Human Resources Management		
Company Secretaries Training Programmes Essential	33	1,934
Company Secretaries Training Programmes Significant	12	813
Continuing Education Programmes	43	2,362
Corporate Tea Talk	18	1,623
In-House Training Programmes	32	1,015
Collaboration Programmes	32	1,897
SSM National Conference 2013	1	256
SSM National Regional Conference 2013	1	167
Total	193	10,454

CORPORATE DIRECTORS TRAINING PROGRAMME (CDTP)

The CDTP targets participants which include board of directors, company secretaries, CEOs, COOs, CFOs, companies' top management, corporate employees, foreign investors, innovators and entrepreneurs. The levels of the CDTP and modules are summarised below:

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

In 2013, a total of 37 CDTP programmes was organised and attended by 910 participants. Detailed statistics are provided in the table below:

Types of CDTP	No. of Participants	No. of Programmes
CDTP Fundamental	79	4
CDTP Intermediate	56	3
CDTP Advance	32	2
CDTP + Human Resources Management (SSM-PSMB)	44	2
CDTP Fundamental (Co-organised by Partners)	176	10
Total	387	21

COMPANY SECRETARIES TRAINING PROGRAMME ESSENTIAL

With effect from January 2013, the Licensed Secretaries Training Programme (LSTP) was renamed Company Secretaries Training Programme (CSTP) Essential. The programme has a new look and feel and the contents aim at ensuring that emerging trends and company secretaries' challenges are addressed using a fresh approach. This programme remains a mandatory course under the CPE points scheme for licensed company secretaries who have been issued with

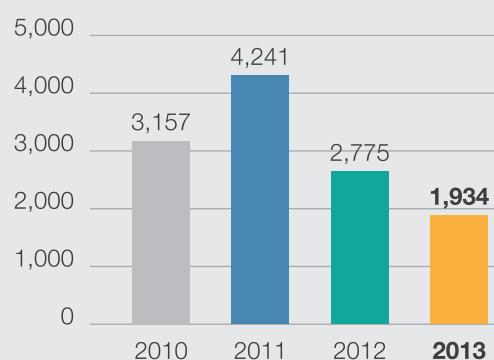
licenses by the Registrar of Companies under section 139A(b) of the Companies Act 1965.

The Company Secretary Training Programme Essential is designed for existing and aspiring company secretaries. It aims at enhancing knowledge, skills and competencies of company secretaries in their role as advisor to the board of directors. Although the CSTP Essential is primarily targeted at licensed company secretaries, other corporate role-players such as company secretaries of prescribed bodies, company directors, members of the management and support staff can also benefit from this programme and apply knowledge gained from the programme to manage their companies.

The CSTP Essential consists of three parts with each part comprising two modules. Participants are deemed to have completed the programme if they have attended all three (3) parts of the CSTP Essential.

In 2013, a total of 33 CSTP Essential were organised in Kuala Lumpur, Miri, Penang, Kota Kinabalu, Kuching and Johor Bahru and attended by 1,934 participants. The take up rate in 2013 saw a 30.3% reduction compared to 2012 (2,775 participants) as licensed secretaries have been attending the LSTP since 2010.

Number of CSTP Essential participants from 2010 – 2013



COMPANY SECRETARIES TRAINING PROGRAMME SIGNIFICANT

SSM introduced the Company Secretary Training Programme (CSTP) Significant in the year 2013. The CSTP Significant is designed as a follow up programme from the Company Secretary Training Programme Essential.

Being a company secretary can be a richly rewarding experience but the role is not an easy one and it has become even more challenging due to the ever changing regulatory and business environments. This new programme comprises selected contemporary and important topics for company secretaries. It is specially designed to enhance the competency of company secretaries and equip them for their current challenging role. It aims to develop and promote a better understanding of corporate governance, corporate responsibilities, ethics, integrity, anti-corruption practices, financial reports and explores the professional relationship between the board and the company secretary. A company secretary needs to consider the many ways in which their pivotal role can best support their board and understand how crucial this relationship is for delivering and executing good governance within their organisations.

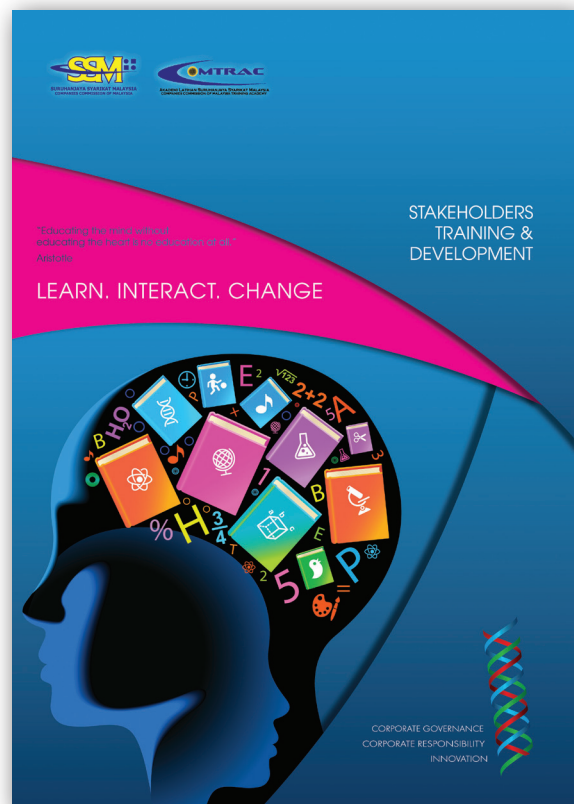
The CSTP Significant consists of three (3) parts with each part comprising two modules. Participants are deemed to have completed the programme if they have attended all three parts of the CSTP Significant.

In 2013, a total of 12 CSTP Significant were organised in Kuala Lumpur and Kota Kinabalu. The programmes were attended by 813 participants.

CONTINUING EDUCATION PROGRAMME

The Continuing Education Programme (CEP) is designed to deliberate in detail selected key strategic topics which are relevant to the corporate sector and key-economic role players. The target participants include board of directors, company secretaries, CEOs, COOs, CFOs, companies' top management, corporate employees, foreign investors, professionals, innovators and entrepreneurs.

In 2013, a total of 43 programmes (2012:39) was organised in Kuala Lumpur, Tawau, Penang, Kota Bahru, Johor Bahru, Sibul, Bintulu, Miri, and Kota Kinabalu. The programmes were attended by 2,362 participants (2012:1,021).



CUSTOMIZED EXTERNAL IN-HOUSE TRAINING PROGRAMMES

There were encouraging requests from various organisations to conduct in-house programmes for their board of directors and officers. A total of 32 customised in-house programmes were conducted for the following organisations with the total attendances being 1,015:

No.	Programme Title	Organization
1	Top Ten Common Offences under the Companies Act 1965, Corporate Hijacking & Fraud	Gamuda Berhad
2	Roles and Responsibilities of Company Directors and Common Offences under the Companies Act 1965 Committed by Company Directors	The Malaysian Directors Academy (MINDA)
3	Undertaking Incorporation of Companies and Winding-Up, Striking-off Application and its Procedures	Human Resources Development Fund
4	Corporate Directors Training Program – Intermediate	Selangor State Development Corporation (PKNS)
5	Highlights of the New Companies Bill & The Limited Liability Partnerships (LLP)	Khazanah Nasional Berhad
6	Corporate Directors Training Program Essential	Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT)
7	Corporate Directors Training Program Fundamental	Teras Dara Konsortium Sdn. Bhd.
8	Corporate Directors Training Program Essential	Malaysia Anti Corruption Academy
9	Common Offences Committed by Company Directors Under The Companies Act 1965	Akademi JCorp Sdn. Bhd.
10	Fundamentals of Corporate Governance, Key Role Players in a Company, Common Offences Committed by Board of Directors under the Companies Act 1965 (under the Corporate Directors Leadership & Integrity Program)	INTAN and Institute of Integrity Malaysia

COLLABORATIONS WITH PROFESSIONAL BODIES/ORGANISATIONS

Crucial elements of COMTRAC's approach of extensive collaboration with external stakeholders are close co-operation and relationship management. In 2013, COMTRAC collaborated with seven organisations to conduct 32 joint training programmes for 1,897 participants. The details of the programmes conducted are listed in the table below:

No.	Programme Title	Organization
1	Governance, Risk and Control for Company Secretaries	Institute of Approved Company Secretaries
2	Limited Liability Partnership - Introduction of a New Business Vehicle In Malaysia	Association of Chartered Certified Accountants
3	Limited Liability Partnership - Introduction of a New Business Vehicle In Malaysia and Taxation Issues	Institute of Approved Company Secretaries

No.	Programme Title	Organization
4	Limited Liability Partnership and the New Taxation Entity	Malaysian Institute of Accountants
5	Competition Act 2010- Better Business with Competition Compliance	Malaysian Competition Commission
6	Pilot Corporate Social Responsibility Training for Corporate Sector; and Pilot Training of Trainers for the Corporate Sector on Corporate Social Responsibility and Children's' Rights	UNICEF
7	Voluntary Winding Up	Chartered Secretaries Malaysia
8	Corporate Tea Talk on 'Getting to Know MyCoID and Business Engagement Session'	Human Resources Development Fund

CORPORATE TEA TALKS

The Training Academy launched Corporate Tea Talks (CTT) in 2012. This is part of SSM's initiative to provide free training to educate and create awareness amongst corporate professionals and entrepreneurs on governance, innovation and thought leadership topics. The six (6) talks conducted in 2013 were attended by 705 participants.

In 2013, the Academy also conducted four (4) sessions of 'Getting to Know SSM e-Services' which were attended by 143 participants and eight (8) sessions of 'Getting to Know MyCoID' which were attended by 775 participants.

The CTT topics conducted in 2013 are listed in the table below:

No.	Program Title	No of Participants
1	Managing Corporate Governance in the Innovation Economy	84
2	Corporate Governance from the Syariah Perspective	146
3	Economic Transformation Program-Progress and Opportunities	121
4	Getting Excited about CSR and Child Rights	98
5	Implementation of Human Governance	119
6	Islamic Companies Act- Viable or Redundant?	137
7	Getting To Know SSM E-Services	143
8	Getting To Know MyCoID	775
Total		1,623

SSM'S TRAINING PROGRAMMES ON STARTING A BUSINESS

As part of SSM's corporate responsibility, COMTRAC continued to provide free training to educate and create awareness amongst new graduates, unemployed graduates of higher learning institutions and would-be entrepreneurs to encourage them to venture into business. In 2013, COMTRAC was invited to conduct training sessions on 'Start Your Own Business: Registration of Business and Incorporation of Companies' and other related topics at 47 events organised by various organisations.

SIGNING OF MEMORANDUM OF UNDERSTANDING BETWEEN SSM AND KOLEJ UNIVERSITI ISLAM MALAYSIA (KUIM)

A Memorandum of Understanding (MoU) between SSM and Kolej University Islam Melaka was signed on 18 March 2013 at the premises of the latter. The purpose of the MoU was to incorporate COMTRAC's Company Secretary Training Programme Essential into KUIM's Diploma Pengurusan Inovasi commencing 2013 and ending in 2017.

This is the second MoU with an institution of higher learning following the first with the International Islamic University Malaysia. In recognition of the dire need to integrate the undergraduate and postgraduate students into the national

economic chain within the next seven years, a strong foundation of business sustainability must be instilled. A good understanding of the fundamentals of corporate governance will enable them to function in the economic value chain and play effective roles as company directors, company secretaries, managers, employees, professionals or investors. In addition, the incorporation of a professional programme into an academic programme may result in a new breed of quality entrepreneurs which the country is in dire need.

'S.M.E – SMALL MISSION ENTERPRISE' SITCOM ON NTV7

COMTRAC is of the view that the corporate learning experience of the 21st century should go beyond conventional classroom learning. Apart from formal training, key messages, corporate knowledge and information may also be effectively conveyed through popular and highly influential media forums such as the television. Thus, SSM continued to participate as a sponsor for the sitcom programme called '*S.M.E - Small Mission Enterprise*' on NTV7 which was released in September 2013. The message and key information pertaining to the role and responsibilities of company directors effectively reached out to more than 1 million SMEs/ Malaysian public and created a significant impact on the market and further reiterated SSM's role as a corporate regulator, registrar and corporate governance advocate.



CHALLENGES AND THE WAY FORWARD 2014

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CHALLENGES AND THE WAY FORWARD 2014

In the last decade, the public sector witnessed an uptake of innovative ideas which was followed up with the implementation of several initiatives. SSM, being a statutory body, went through a similar process and has embarked on some of these initiatives to transform and improve its services to the stakeholders.

There is a need for SSM to acquire a deeper understanding of how some of these new ideas work in practice so as to accelerate further improvements in service delivery and governance with a view to meeting stakeholder needs more effectively and efficiently in the near future.

Although SSM has taken various steps to streamline its operations in the past decade, upward pressure on SSM's expenditure means that SSM must continue to meet the changing needs of the stakeholders while remaining bound by its expenditure limits. Despite being a self-funding organisation, SSM has adapted well to several changes in structure, function and role to become more efficient, more flexible and more transparent and customer oriented. All these have led to a greater focus on service delivery and performance.

The impetus for change came from the globalisation of the economy in recent years though the nation enjoyed a sound economic status, a good geographical location and had seen several technological developments. While in many countries global economic and financial

stress provided the trigger for reform, the underlying pressure for change came from the realisation that SSM needed to be in harmony with stakeholders' increasingly changing expectations. SSM has to progressively play a more prominent role in the nation's economy compared to what was expected of SSM or ROC more than two decades ago.

Recent global developments has seen SSM adopting new initiatives to take on the challenges of doing business in a competitive global environment. SSM has paid particular attention to public service delivery and enforcement activities, crucial elements in elevating the quality of public service delivery to the stakeholders. SSM is also driven by the imperative need to fulfil stakeholders' needs more effectively and efficiently through the adoption of new and innovative ideas.

SERVICE DELIVERY

Enhancing public sector performance has taken on a new urgency in SSM due to mounting calls for lowering the cost of doing business and for higher quality services. These calls come in the wake of an increasingly competitive global market that has seen the lowering of trade barriers and the offer of various incentives in the form of tax reliefs, special investment packages and minimal licensing requirements by some countries to attract foreign investments.

In 2013 SSM sought to address these challenges by enhancing service delivery by adopting a range of new levers and approaches to management which saw stakeholder engagement, introduction of

regulatory reform initiatives and the creation of the new Management Transformation Section to spearhead SSM's overall organisation transformation programme. Within SSM, performance measures were introduced to gauge service delivery, company incorporation fees were reduced for authorised capital ranging from RM100,000 to RM400,000, online incorporation was mandated through the MyCoID portal for central region, law reform was initiated and new business vehicle, namely the Limited Liability Partnerships (LLP) was introduced.

Amongst the challenges faced related to issues surrounding the implementation of the Limited Liability Partnerships Act 2012. Though the launch of the LLP received overwhelming responses from the business community, recognition has been slow from the local government and state authorities, financial and banking institutions because of differing laws and requirements under which these agencies and institutions operate. SSM is constantly in active engagement with these agencies and institutions to facilitate the growth of LLP and assist entrepreneurs who opt for LLP as a business vehicle for doing business.

A phased approach has been adopted with regard to the mandatory incorporation process through the MyCoID portal which went into effect on 16 May 2013. The first phase saw the closure of SSM's counters at its headquarters in Kuala Lumpur followed by SSM Selangor, SSM Negeri Sembilan and UTC Pudu Sentral. The next phase will be the closure of incorporation counters throughout the Peninsula, and thereafter, when the system is stabilised and the stakeholders are ready, the incorporation counters at SSM's offices in East Malaysia will see closure. The introduction of mandatory incorporation through MyCoID has seen the take-up rate for online services increase tremendously. SSM's move from counter services to online services has led to improved service delivery to stakeholders, facilitating ease of doing business in an efficient, effective and simple manner.

Easybiz kiosk is also SSM's online service alternative to counter service in support of the government's aspirations to have an effective and efficient public service delivery system by the year 2020. These electronic services can be

accessed 24/7 and have the potential to simplify the procedures and reduce the cost of doing business in Malaysia.

On the other hand, extending online services to rural areas may be constrained by low rural internet penetration in Malaysia. Although ICT, offers many benefits, most businesses in Malaysia, particularly Small and Medium Enterprises (SMEs), are still slow in adopting information and communication technologies (ICT) due to lack of technological knowledge and limited financial resources to hire a technical team or purchase the necessary software. Internet accessibility is still considered low for Malaysian SMEs and entrepreneurs due to the relatively high costs of bandwidth, hardware and software. SSM has taken steps to assist by providing computer terminals facilities at its offices and organising free training programmes nationwide to familiarise stakeholders on the usage of the MyCoID portal.

In order to reach out and engage its stakeholders, SSM organised exhibition booths and various awareness programmes such as community based Outreach Programmes, and briefing sessions, Majlis Berbuka Puasa bersama Media and the Program Mesra Bersama YB Menteri.

During the year, to facilitate the incorporation of companies, registration of businesses and doing business in Malaysia, SSM established a call centre to further engage the stakeholders. The centre is serviced by well-trained, dedicated customer service staff equipped to respond to any inquiries, market research, complaint or general information request related to SSM in a timely and cost-effective manner

In another move to assist the business community expedite business licence renewals, SSM has set up Business Registrations Mobile Counters and gone into an agreement with Bank Simpanan Nasional (BSN) to allow the business community use of its branches throughout Malaysia to renew their business licence. At the same time, SSM has increased the number of Urban Transformation Centres (UTC) in Pahang and Kedah to provide various SSM services in support of the government's aspirations to provide effective and efficient services to its stakeholders.

Complementing these activities, is the work of the Companies Commission of Malaysia Training Academy (COMTRAC). Besides organising the 3rd National Conference 2013, the inaugural Regional Conference 2013 in Sarawak, and tailor-made courses that cater to specific needs of the organisation, COMTRAC has gone into various collaborative arrangements with universities, professional bodies and organisations with the aim of updating SSM's stakeholders on developments in the corporate environment.

ENFORCEMENT INITIATIVES

Since its inception, SSM has played an important role in Malaysia's economic growth and has provided commendable support to the government's call for reducing the cost of doing business in Malaysia. Though its role as a catalyst in the nation's economic growth is essential to SSM, enforcement of the law and ensuring compliance is equally important. Hence, it has taken a balanced enforcement approach in order to strike a balance between ease of doing business and compliance with relevant laws.

In recent years, SSM has made laudable efforts in ensuring compliance to the mandatory lodgement of annual returns together with audited financial statements. Its efforts have resulted in a consistently high compliance rate exceeding 80% since 2006 with 2013 achieving a 93% compliance rate.

To further strengthen corporate governance in Malaysia, various regulatory reform initiatives were carried out. These include the Companies Bill, Interest Schemes Bill, the Limited Liability Partnerships Act 2012, amendments to the Companies Commission Act 2001 (CCM Act 2001) and issuance of Practice Notes. Corollary amendments to the Registration of Businesses Act 1956 and the Trust Companies Act 1949 are also in the pipeline.

Mindful of the need to foster a close relationship with prescribed bodies and company secretarial associations, SSM organised the Corporate Practice Consultative Forum (CPCF). This forum provides SSM a platform to update its members on new products, practice notes, policies and technical matters.

SSM also organises annual dialogues with the industry and professional bodies with the aim of promoting understanding and a closer relationship. These dialogues provide a venue to exchange ideas and clarify matters pertaining to operational issues and disseminate information to members and the public towards ensuring that the functions of SSM as the enforcing body of all related legislations are fully understood by the public. All these have had the desired effect of enhancing the overall efficiency of SSM.

SSM is also in the process of amending the CCM Act 2001 and introducing the new Companies Bill to replace the existing Companies Act 1965 with the objective of having in place a legal framework that is dynamic, innovative and supportive of the needs of the business community in Malaysia. Public consultations were carried out with the stakeholders from 2 July 2013 to 10 August 2013. From February 2013 to November 2013, 16 sessions, were held with the Attorney General Chambers and the Legal Division of the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) to deliberate on the Companies Bill. These bills are expected to be tabled in Parliament in the first quarter of 2014.

Another initiative to facilitate business growth is the Interest Schemes Bill which will assist in the regulation of the business environment for alternative methods of raising funds on the basis of "joint enterprise" (common enterprise). The bill will provide a legal framework to regulate the registration, administration and winding up of interest schemes as well as improve mechanisms to safeguard the interest of stakeholders.

Almost five (5) decades of corporate improvements have led to significant changes in corporate governance and transparency in Malaysia. Compared with the years prior to 16 April 2002 when two separate government agencies namely the Registrar of Companies (ROC) and the Registrar of Businesses (ROB) carried out the work of SSM, today SSM is more dynamic, effective, transparent, accessible and customer-centric, more devolved, more efficient, and more performance-focused. Also, SSM's role has changed significantly from a mere registry of companies and businesses to that of a regulatory and enforcement agency that not only functions

as a catalyst for the nation's economic growth but also provide direct support to the business community.

SSM will consistently evolve to match the ever changing needs of a corporate community that is driven by modernisation and technology of a global economy. SSM's transformation strategies have been designed and calibrated to the specific needs of tomorrow in line of the dynamics of the business community. It has been aligned to provide support towards achieving the nation's vision in 2020 and in maintaining its competitiveness against the backdrop of this uncertain global economic environment.



STATEMENT OF INTERNAL CONTROLS

STATEMENT OF INTERNAL CONTROLS

INTRODUCTION

The continuous wellbeing of an organization and its survival in an increasingly competitive and disclosure based operating environment depends on the factor of stability. Stability requires focus on the core activities and objectives of the organization which is crucial for a corporate regulator such as SSM. A key element to achieve this objective is a strong and robust set of internal controls that would ensure the integrity of SSM's multiple functions as a regulator, registry and custodian of corporate data where a high confidence level by the various stakeholders are essential in view of the national interest of economic wellbeing.

History has taught us that in order for others to follow, we have to lead and being a corporate regulator, it is imperative that SSM practices what it preaches. Being one of the main proponents of corporate governance in Malaysia, it is again imperative that the principle ingredients of governance which are transparency, accountability and integrity are incorporated and built into the organizations work culture at all levels. The very recent financial calamity in the world markets have shown that it takes a long time to build up trust but seconds to lose it. As a regulator, any loss of trust in its capability may be fatal for it and the nation as a whole.

In this age of instant and readily available information via the web coupled with assertive stakeholders and public due to the openness and transparency of the internet and social media, regulators find themselves being regulated in the manner where their actions and practices are always on the spotlight. This situation is very

ideal for governance to flourish as governance as mentioned before would encourage core ingredients such as transparency, accountability, stewardship and integrity. These would also ensure and mandate that a solid framework and control mechanism would be in place for such core ingredients to take root.

The prime objectives of internal controls within the organization are:

1. To ensure the continuing integrity and continuity of the functions of businesses registration and incorporation of companies and any related activities that are able to be performed in a manner that guarantees the aspirations of the various stakeholders with regard to the national economic competitiveness.
2. The activities of enforcement are carried out with due regard to the legislative laws and process where the organization carries out its duties to reassure its stakeholders that the authority and enforcement powers bestowed upon it by law are managed, controlled and exercised with due diligence.
3. The integrity of corporate and business information is always safeguarded which can be unquestionable relied upon by all stakeholders without question.
4. As an autonomous, independent and self financing authority, its internal management and operations are managed in a manner that incorporates the very principles of governance that it expects from those that it regulates.

RESPONSIBILITIES OF RISK MANAGEMENT AND INTERNAL CONTROL

The board of commission members being custodians for SSM is aware of their responsibility in ensuring a best possible conducive environment within the organization to achieve its mission, goals and objectives. The risk management and internal control systems have been developed and implemented by management with the assistance of the process owners that form the various divisions within the organization. The said divisions have formulated policies and procedures together with the relevant process controls and the associated risks aligned with such processes.

The management is accountable to the board for having in place and effective risk management framework with an associated internal control system that would form the basis of a strong mechanism of check and balance within the organization in order to protect the interest of SSM and its stakeholders. The annual financial statements of the commission are reviewed by the Audit & Risk Management Committee (ARMC) together with the state of internal controls via the activities of the Internal Audit Section (IAS) are stated specifically in the ARMC charter of SSM.

ARMC was formed by the Board of Commission members as an oversight committee whose prime function is to continuously review and evaluate the adequacy and integrity of internal controls and the risk management function in SSM. This is in line with the role of board members being the custodians of the commission on behalf of the nation. The board chooses amongst its members as to the composition of the ARMC and appoints its chairman. The ARMC is tasked to monitor the activities of the internal audit and risk management function within SSM.

RISK MANAGEMENT

Risk management is a preventive process where with best possible foresight via reporting mechanisms, the occurrence of an event is avoided or its repercussions are minimized to the lowest possible level. We are aware that risk can only be managed but never eliminated. The examples of

risk-based approaches we use include risk-based supervision, strategic enforcement, product and regulatory reviews and disaster recovery for IT and facilities.

The objectives of such efforts are to:

- Give assurance that we are constantly identifying and managing risks to our organization in all aspects;
- That the decision making process of the board and management would be further enhanced by being equipped with the best possible risk awareness;
- in the interest of promoting transparency and good governance, the mandatory presence of an internal auditor at all aspects of the tender process including the final decision making stage;
- Facilitate information-sharing, work co-ordination and clear line-of-sight, so that we make more efficient use of our resources and avoid duplication of efforts; and
- Provide a common risk assessment approach that aligns the way we define risks and assesses whether issues are unacceptable, tolerable or acceptable.

Through the enterprise risk and business planning processes, we align our work goals, strategies and programmes across the organization with the key risks in our business environment; arising from our areas of responsibility in the corporate and business sector; and concerning operational and resource issues in light of our multiple functions as custodian, registrar and enforcement. In addition, we assess the effectiveness of our work processes, standard operating procedures (SOP), organizational-wide controls (either system or operational based) and governance practices in mitigating risks to the lowest possible level to our business goals, objectives and mission.

Risk is managed in both a top down and bottoms up approach where divisions being the end process owners would identify and assess risks that would affect the organization in all aspects i.e in SSM's multiple function as an independent autonomous federal regulatory body, as custodian of statutory company documents and as an enforcement agency for legislated laws concerning companies and businesses in Malaysia. This is achieved by

creating an organization wide comprehensive risk profile by the Risk Management Unit (RMU). The risk process is constantly monitored by management with a regular review by the RMU. The internal auditors when carrying out their regular audits would take into account such risks and plan their programmes accordingly. However any potential new risks identified are immediately conveyed in order to update the risk profile and to ensure preventive measures be taken immediately to mitigate the risk.

For the year 2013, the Risk Management Unit (RMU) had conducted the following processes:

1. The completion of the risk profile of the entire Registration of Business process.
2. Completion of the risk assessment activities of the Enforcement Office , namely Compliance and Investigation Division in relation to the 2011 Federal Audit findings in anticipation of a complete risk profile of the core activities of these divisions that are due to commence in 2014.
3. Commencement and ongoing profiling of the process of incorporation of companies and the related activities.

INTERNAL AUDIT

As part of our broader effort to ensure the system of checks and balances which is essential for governance are operating as designed, the internal audit process that is conducted by IAS, is independent of management and operations, provides assurance on the adequacy and integrity of the internal control system. In the interest of independence and objectivity, the Head of IAS reports administratively to the CEO and functionally to ARMC. Transfers to and from IAS are done with the approval of the ARMC.

The auditing process is self contained where IAS would decide on the areas of focus for a calendar year which would form as part its internal audit plan which would then be reviewed and approved by the ARMC.

Upon completion of the audit process, an exit meeting would be held with the auditee to ensure that they have a clear understanding of IAS concerns and what remedial action can be

possibly undertaken or would be undertaken to address auditors concerns. The final report would be presented to the respective process owner and senior management. Prior to ARMC meetings, an audit pre-council is held with senior management to discuss the remedial actions that have been taken in relation of audit findings to date in order to brief the ARMC members on the current situation of any remedial action being taken.

ARMC via regular meetings conducted would deliberate the findings and if necessary highlight matters to the board for further deliberations and if necessary instructions to management for rectification.

For the year 2013, IAS had performed reviews in the following areas namely:

1. The entire state and branch officers where the audit review covered the operational, enforcement and administrative aspects of the office.
2. A review of the corporate information process (with regard to the corporate custodian function of SSM) pertaining to corporate and business data together with the corresponding images in support of the corporate data and the work process and the associated internal controls.
3. Functional review of certain divisions of the enforcement office.
4. Functional and operational review of the information Systems Division and all related activities.
5. Review of certain aspects of the administrative, financial and human resource management functions of the organization.

CONTROL FUNCTIONS WITHIN THE ORGANISATION

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

- A clear and defined organizational reporting structure with designated lines of reporting and authority
- A consistent policy of training and identifying potential candidates for succession planning in order to enable continuity of critical decision making functions in the event of absence of decision making authority.

- The annual key performance indicators (KPI) and key performance target (KPT) formulation and assessment with constant realignment and refinement of process and procedures to achieve the desired objectives in support of the vision and mission of the organization.
- Constant re-evaluation of controls in systems and procedures for effectiveness and suitability in the current operating situations.
- A paradigm change in the manner of work processes and procedures where working labs were organized at a functional level to rethink current manner of work process and adopt a different process approach but with the same final objective which was done in preparation to the Organization Transformation Process (OTP) and the major amendments to the Companies Act which is scheduled to be tabled in 2014.
- The existence of an integrity section that would monitor the good conduct and integrity of staff and investigate all possible instances of misconduct by any staff.
- The adaptation of a code of ethics for employees that was launched on “Hari Integrity SSM” that was held on 23rd December 2013 which details for all employees irrespective of rank the ethics and code of conduct that is expected of them during their tenure of employment in the organization. This can be looked upon as a personal self control guideline on the behavior of SSM’s personnel which is crucial to the effectiveness of all internal control mechanisms in place.
- The computerization of processes that are high risk for possible abuse such as leave, claims and advances where application is online and approving authorities are aware of the history and supporting documents that are also tendered online to support such claims.
- A blanket conflict of interest declaration requirement that requires any staff to declare any possible interest or relationship that he/she may have where he/she is in a decision making position or has possibility of influencing the said decision.
- The SOP on the procurement process which defines and where procedures are clearly set out specifying and segregating technical and commercial committees which are independent of each other whose recommendations would be then considered by an independent procurement committee.
- The involvement of the internal auditors as independent observers at all stages of the tender process that promotes transparency and accountability.
- The IT User Policy which was established to ensure the effective protection and proper usage of the SSM’s computer systems and peripherals. It is a guide for efficient and disciplined IT Department management and provides unambiguous and precise reference for IT Department personnel in carrying out their duties.
- The IT access policy for back office systems which have been fully computerized enabling the user and the approving authority to be able to view the levels of access applied for and determine the levels of access that would be relevant to the applicant in relation to the job scope.
- The document classification authority which was granted to select individuals to classify certain documents and the subsequent procedures in handling of such documents.
- Circulars, memos, process and procedures that is available online for viewing by all staff in our bid to promote awareness and promoting compliance culture amongst our personnel.
- The official enforcement of an internal Whistle Blower policy based on the provisions of the Whistle Blower Act 2010 together with the guidelines of the committee for its implementation with an aim to ensure that a self regulatory mechanism exists within the organization which is independent and free from any possible interference where whistle blowers have a freedom to report to any agency with enforcement powers on any wrongdoing in SSM conducted by any of its employees irrespective of rank.

This statement was tabled in the Audit & Risk Management Committee meeting on 26 June 2014 for their perusal and approval to be tabled in the next scheduled Commission Meeting.

On 3 July 2014, the statement was tabled at the 74th Commission meeting and was approved without any amendments.



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149 804	324	4	28									

FINANCIAL STATEMENTS



**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
COMPANIES COMMISSION OF MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2013**

Report on the Financial Statements

The financial statements of the Companies Commission Of Malaysia have been audited by my representative, which comprise the Balance Sheet as at 31 December 2013 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

The Members' of The Companies Commission Responsibility for the Financial Statements

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

Auditor's Responsibility

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

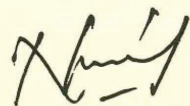
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of financial statements that give a true and fair view in order to design audit procedures that are

appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Companies Commission Of Malaysia as at 31 December 2013 and of their financial performance and cash flows for the year ended in accordance with approved accounting standards in Malaysia.



(NIKRUL TARMIZI BIN AWALLUDIN)
for AUDITOR GENERAL
MALAYSIA



PUTRAJAYA
24 JULY 2014

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

We, **DATO' SRI ALIAS BIN HJ. AHMAD** and **DATO' MOHD NAIM BIN DARUWISH**, 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 2013 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,



.....
Name : **DATO' SRI ALIAS BIN HJ. AHMAD**
Designation: **CHAIRMAN OF THE COMMISSION**
Date : **23 JUL 2014**
Place : **KUALA LUMPUR**

On behalf of the Commission,



.....
Name : **DATO' MOHD NAIM BIN DARUWISH**
Designation: **MEMBER OF THE COMMISSION**
Date : **23 JUL 2014**
Place : **KUALA LUMPUR**

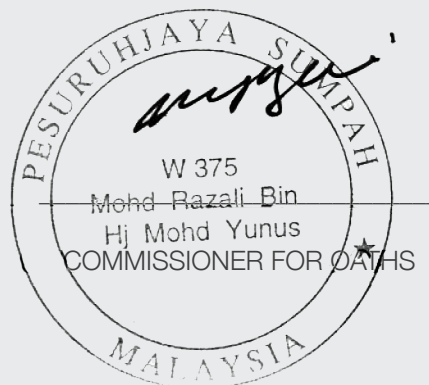
STATUTORY DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANIES COMMISSION OF MALAYSIA

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 **23 JUL 2014**)



Before me,



Lot 32.02 Tkt 32, Sunway Putra Tower,
100 Jalan Putra, 50350 Kuala Lumpur.

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Non Current Assets			
Property, fittings and equipment	3	146,866,682	162,678,958
Long term investments	4	100,979,771	132,216,324
Work in progress	5	1,981,638	2,990,314
Staff financing	6	52,468,835	46,911,458
		302,296,926	344,797,054
Current Assets			
Trade debtors	7	1,114,708	1,134,063
Other debtors, deposits and prepayments	8	9,687,171	6,526,569
Staff financing	6	4,020,117	3,551,237
Short term investments	9	249,806,526	67,221,000
Inventories	10	2,255,200	1,196,680
Cash and cash equivalents	11	226,696,290	322,966,461
		493,580,012	402,596,010
TOTAL ASSETS		795,876,938	747,393,064

Notes on pages 256 to 279 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013 RM	2012 RM
EQUITY AND LIABILITIES			
Equity			
Government grants	12	11,819,069	17,930,261
Retained earnings		491,307,518	459,086,839
Staff financing funds	13	76,000,000	76,000,000
		579,126,587	553,017,100
Non Current Liabilities			
Provision for employee benefits	14	513,499	569,293
		513,499	569,293
Current Liabilities			
Federal Consolidated Fund	15	204,449,317	177,514,293
Other creditors	16	11,787,535	13,496,378
Provision for corporate tax	21	-	2,796,000
		216,236,852	193,806,671
Total Liabilities		216,750,351	194,375,964
TOTAL EQUITY AND LIABILITIES		795,876,938	747,393,064

Notes on pages 256 to 279 form an integral part of these financial statements.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RM	2012 RM
Income	17	331,600,964	355,061,224
Federal Consolidated Fund	15	(133,453,391)	(177,514,293)
		198,147,573	177,546,931
Operating Expenses			
Staff costs	18	93,320,612	87,292,476
Administration costs	19	59,860,939	57,920,850
Depreciation	3	21,169,023	21,695,684
Amortization on grants received and long term investments		(5,627,679)	(5,742,638)
		168,722,895	161,166,372
Surplus before taxation	20	29,424,678	16,380,559
Taxation	21	(2,796,000)	2,796,000
Surplus after taxation		32,220,678	13,584,559

Notes on pages 256 to 279 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Government Grants	Accumulated Surplus	Staff Financing Funds	Total
	RM	RM	RM	RM
Balance as at 1 January 2012	24,041,453	465,502,280	56,000,000	545,543,733
<u>Net surplus not recognised in the income statement</u>				
Amortization on grants received	(6,111,192)	-	-	(6,111,192)
	(6,111,192)	-	-	(6,111,192)
Government grants received during the year	-	(20,000,000)	20,000,000	-
Surplus after taxation	-	13,584,559	-	13,584,559
Balance as at 31 December 2012	17,930,261	459,086,839	76,000,000	553,017,100
<u>Net surplus not recognised in the income statement</u>				
Amortization on grants received	(6,111,192)	-	-	(6,111,192)
	(6,111,192)	-	-	(6,111,192)
Additional staff financing funds	-	-	-	-
Surplus after taxation	-	32,220,679	-	32,220,679
Balance as at 31 December 2013	11,819,069	491,307,518	76,000,000	579,126,587

Notes on pages 256 to 279 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 RM	2012 RM
Operating activities		
Surplus before taxation	29,424,678	16,380,559
Adjustments for:		
Depreciation	21,169,022	21,695,684
Amortization on grants received	(6,111,192)	(6,111,192)
Amortization on long term investments	483,513	368,554
(Gain)/Loss from disposal of property, fittings and equipment	(315,082)	(32,636)
Profit and dividend from investments	(21,422,531)	(20,980,232)
Operating profit before changes in working capital	23,228,408	11,320,737
(Increase)/Decrease in inventories	(1,058,520)	150,560
(Increase)/Decrease in trade debtors	19,355	89,836
(Increase)/Decrease in other debtors, deposits and prepayments	(3,160,602)	(604,603)
Increase/(Decrease) in Federal Consolidated Fund	26,935,024	(998,477)
Increase/(Decrease) in other creditors	(1,743,726)	1,923,469
Increase/(Decrease) in work in progress creditors	-	(3,267,164)
Increase/(Decrease) in provision for employee benefits	(20,911)	(16,580)
Net cash generated from operating activities	44,199,028	8,597,778

Notes on pages 256 to 279 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 RM	2012 RM
<u>Cash flow from investing activities</u>		
Acquisition of property, fittings and equipment	(5,357,039)	(5,108,479)
Proceeds from disposal of property, fittings and equipment	315,374	33,578
(Increase)/Decrease in work in progress	1,008,676	265,970
Placements in investments	(151,832,487)	29,642,739
Profit and dividend received	21,422,531	20,980,232
Staff financing	(10,474,291)	(13,647,244)
Repayment received from staff financing	4,448,037	3,280,826
Net cash from/(used for) investing activities	(140,469,199)	35,447,622
<u>Cash flows from financing activities</u>		
Net cash generated from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(96,270,171)	44,045,400
Cash and cash equivalents at beginning of year	322,966,461	278,921,061
Cash and cash equivalents at end of year	226,696,290	322,966,461

Notes on pages 256 to 279 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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.

(b) Vested Assets, Rights and Liabilities

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

The vested assets, rights and liabilities are stated at fair value and are recognized in the balance sheet on the vesting date.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Depreciation on property, fittings and equipment under construction commences when the property, fittings and equipment are delivered and ready for their intended use. Depreciation on property, fittings and equipment ceases at the earlier of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impairment of Assets (continued)

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

(e) Long Term Investments

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

(f) Works In Progress

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

(g) Staff Financing

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

(h) Trade Debtors

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

(i) Inventories

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

(j) Cash and Cash Equivalent

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

(k) Government Grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee Benefits

Short Term Employee Benefits

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

Defined Contribution Plans

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

Long Term Employee Benefits

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

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

- (i) cash rewards in lieu of annual leave; and
- (ii) gratuity paid for contractual services upon completion of services.

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

(m) Contributions to Federal Consolidated Fund

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

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

(n) Other Creditors

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxation

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

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

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

(p) Provisions

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

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

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

(q) Income Recognition

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

The Commission recognizes its income when the amount can be measured reliably and, it is probable that future economic benefits associated with the item will flow to the Commission and that specific criteria have been met for each of the Commission's activities as described below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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.

(iii) *Corporate Training Programmes*

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

(iv) *Interests, Dividends and Profits*

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

(r) **Financial Instruments**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. PROPERTY, FITTINGS AND EQUIPMENT

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. PROPERTY, FITTINGS AND EQUIPMENT (continued)

	Building	Building Equipment	Office Equipment, Furniture and Fittings	Computer Hardwares and Softwares	Motor Vehicles	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM
Cost							
At 1 January 2012	135,307,436	16,650,580	14,046,596	55,499,264	6,547,249	37,364,606	265,415,731
Additions	-	-	612,672	3,163,269	1,332,538	-	5,108,479
Disposals	-	-	(173,960)	-	(141,559)	(1,441,700)	(1,757,219)
At 31 December 2012	135,307,436	16,650,580	14,485,308	58,662,533	7,738,228	35,922,906	268,766,991
Accumulated Depreciation and Impairment							
At 1 January 2012	5,412,298	6,364,232	7,943,756	37,857,671	3,973,856	21,445,833	82,997,646
Depreciation for the year	2,706,149	3,330,116	2,114,556	7,711,295	798,925	5,034,643	21,695,684
Disposals	-	-	(179,625)	-	(141,558)	(1,435,095)	(1,756,278)
Impairment Losses	-	-	-	3,150,981	-	-	3,150,981
At 31 December 2012	8,118,447	9,694,348	9,878,687	48,719,947	4,631,223	25,045,381	106,088,033
Net Book Value							
At 31 December 2012	127,188,989	6,956,232	4,606,621	9,942,586	3,107,005	10,877,525	162,678,958

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. PROPERTY, FITTINGS AND EQUIPMENT (continued)

Assets for the Migration Project were vested in the Commission by way of a Novation Agreement dated 23 April 2004 and stated at fair value on the vesting date.

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

4. LONG TERM INVESTMENTS

	2013 RM	2012 RM
Sukuk	45,843,848	20,097,466
Debt Securities	94,565,165	64,752,360
Trust Account	60,377,284	57,587,498
Unit Trust	5,000,000	-
	205,786,297	142,437,324

Long term investments comprise investments in Government Investment Issues, Cagamas Berhad Sukuk and Islamic Medium Term Notes with coupon rates ranging from 3.65% to 5.0% (2012: 3.45% to 5.0%). The tenure of placement for these investments is up to five (5) years.

The Commission also placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The gross profit rate receivable by the Commission is 5% per annum (2012: 5% per annum) and the tenure of the placement is five (5) years.

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

	2013 RM	2012 RM
Current Assets		
Within one (1) year (See Note 9)	104,806,526	10,221,000
Non Current Assets		
Up to five (5) years	100,979,771	132,216,324
	205,786,297	142,437,324

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

4. LONG TERM INVESTMENTS (continued)

During the financial year, the Commission approved a maximum sum of RM5.0 million to be invested in the Unit Trust for a maximum period of three (3) years. The market value of the investment as at 31 December 2013 were as follows :

	2013 RM	2012 RM
AIIMAN Growth Fund	2,600,203	-
AIIMAN Select Income Fund	2,503,482	-
	5,103,685	-

5. WORKS IN PROGRESS

	2013 RM	2012 RM
Balance as at 1 January	2,990,314	3,256,284
Additional works in progress during the financial year	1,694,674	2,720,264
Capitalization to property, fittings and equipment	(2,703,350)	(2,986,234)
Balance as at 31 December	1,981,638	2,990,314

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

The additional work in progress amounting to RM1,694,674 (2012: RM2,720,264) was derived from the existing and newly awarded information and communication technology projects which were still under development in the current financial year. These projects were classified as works in progress in the current year based on invoices received.

Works in progress amounting to RM2,703,350 (2012: RM2,986,234) were capitalized in the current financial year.

The Commission had awarded information and communication technology project amounting to RM1,190,000 in year 2011 and a total of RM416,500 had been paid to the vendor based on the work certification and invoices received. This amount was classified under work in progress in the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

5. WORKS IN PROGRESS (continued)

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

6. STAFF FINANCING

	2013 RM	2012 RM
Home financing	64,847,072	57,662,321
Motor vehicle financing	3,369,295	2,951,185
Computer financing	206,179	164,244
Gross amount of financing	68,422,546	60,777,750
Unearned profits from financing	(11,933,594)	(10,315,055)
Present value of minimum payments receivable	56,488,952	50,462,695

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

	2013 RM	2012 RM
<i>Gross amount of financing:</i>		
Within one (1) year	4,123,810	3,475,642
More than one (1) year and up to five (5) years	18,353,244	15,895,063
More than five (5) years	45,945,492	41,407,045
	68,422,546	60,777,750
<i>Present value of minimum payments receivable:</i>		
Within one (1) year	4,020,117	3,551,237
More than one (1) year and up to five (5) years	18,253,704	16,031,714
More than five (5) years	34,215,131	30,879,744
	56,488,952	50,462,695

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

6. STAFF FINANCING (continued)

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 (2012: 4% per annum). The home financing is repayable over a maximum period of thirty (30) years with a profit rate of 2% per annum (2012: 2% per annum).

The effective profit rates for these staff financing is 7% to 9% per annum (2012: 7% to 9% per annum).

7. TRADE DEBTORS

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

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

8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2013 RM	2012 RM
Profit and dividend receivables	6,260,588	4,438,663
Deposits and prepayments	2,506,151	1,473,567
Advances to employees	116,842	166,377
Other receivables	803,590	447,962
	9,687,171	6,526,569

Included in the profit and dividend receivables is the advanced dividend payment from Mudharabah Deposit Account (MDA) and General Investment Al-Mudharabah amounting to RM114,370 (2012: RM176,206) and RM337,021 respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

9. SHORT TERM INVESTMENTS

	2013 RM	2012 RM
Negotiable Instrument Debt Certificates	-	5,000,000
Commodity Murabahah Deposits	90,000,000	52,000,000
Uncallable Negotiable Instruments Debt Certificate	55,000,000	-
Long Term Investments mature in twelve (12) months (See Note 4)	104,806,526	10,221,000
	249,806,526	67,221,000

The Commission purchased Negotiable Instrument Debt Certificates, *Uncallable Negotiable Instrument Debt Securities* and *Commodity Murabahah Deposits* through various licensed financial institutions. The effective profit rate receivable by the Commission for these securities ranged from 2.90% to 3.61% per annum (2012: 3.01% to 3.45% per annum) and their tenure is up to twelve (12) months.

10. INVENTORIES

	2013 RM	2012 RM
Balance as at 1 January	1,196,680	1,347,240
Purchases	7,120,000	3,640,000
Sales	(6,061,480)	(3,790,560)
Balance as at 31 December	2,255,200	1,196,680

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

These inventories are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

11. CASH AND CASH EQUIVALENTS

	2013 RM	2012 RM
Cash and bank balances	18,552,696	26,808,605
Deposit placements with :		
Licensed local banks and financial institutions	208,143,594	296,157,856
	226,696,290	322,966,461

The effective profit rate for Al-Mudharabah general investments and Al-Mudharabah special investment with banks and financial institutions ranged from 2.75% to 3.61% per annum (2012: 3.01% to 3.45% per annum).

The tenure of the Al-Mudharabah general investment is thirty (30) days to one (1) year (2012: thirty (30) days to one (1) year), and for the Al-Mudharabah special investment is one (1) night to ninety (90) days (2012: one (1) night to ninety (90) days).

12. GOVERNMENT GRANTS

	2013 RM	2012 RM
Balance as at 1 January	17,930,261	24,041,453
Amortization on grants received	(6,111,192)	(6,111,192)
Balance as at 31 December	11,819,069	17,930,261

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

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

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

The amortization of government grants is taken as benefit of the usage of the specific property, fittings and equipment which is equivalent to the depreciation of the property, fittings and equipment. This amount is stated as amortization on grants received in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

13. STAFF FINANCING FUNDS

	2013 RM	2012 RM
Home financing fund	70,000,000	70,000,000
Motor vehicle financing fund	5,000,000	5,000,000
Computer financing fund	1,000,000	1,000,000
	76,000,000	76,000,000

The Commission approved the allocation of RM 50.0 million, RM 5.0 million and RM1.0 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 RM10.0 million per year from year 2002 to 2006.

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

14. PROVISION FOR EMPLOYEE BENEFITS

	2013 RM	2012 RM
Balance as at 1 January	582,416	598,996
Payments made to employees in current year	(20,912)	(16,580)
Balance as at 31 December	561,504	582,416

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

14. PROVISION FOR EMPLOYEE BENEFITS (continued)

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

	2013 RM	2012 RM
Current liabilities		
Within one year (See Note 16)	48,006	13,123
Long term liabilities		
More than one year and up to five years	397,638	318,028
More than five years	115,861	251,265
	561,505	582,416

15. FEDERAL CONSOLIDATED FUND

	2013 RM	2012 RM
Balance as at 1 January	177,514,293	178,512,770
Provision for revenue payable to Federal Consolidated Fund	165,643,001	177,514,293
Reduction of percentage of contribution for year 2012	(32,189,610)	-
Payments made during the year to the Federal Consolidated Fund	(106,518,367)	(178,512,770)
Balance as at 31 December	204,449,317	177,514,293

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.

During the current financial year, the Commission has applied to the Minister of Finance to reduce the percentage of contribution to Federal Consolidated Funds for financial year ended 31 December 2012 under section 35(2) of the Companies Commission Act 2001. The Minister of Finance, via its gazette dated 27 February 2014, has agreed to reduce the percentage of contribution from fifty percent (50%) to forty one percent (41%) of its total annual revenue. The reduction of the percentage of contribution has resulted to additional surplus of RM32,189,610 in the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

15. FEDERAL CONSOLIDATED FUND (continued)

Based on the agreement by the Minister of Finance, the payment for the year 2012 contribution were made in two stages i.e first payment amounting to RM106,518,367 was made on 19 December 2013 and the balance of RM38,806,316 were made on 13 January 2014.

16. OTHER CREDITORS

	2013 RM	2012 RM
Payables and accruals	9,826,471	11,138,821
Statutory payables	306,354	351,529
Trustee accounts	416,565	848,387
Other creditors (see Note 14)	1,238,145	1,157,641
	11,787,535	13,496,378

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

17. INCOME

	2013 RM	2012 RM
Net income from operating activities:		
Services income	275,187,785	292,528,880
Compounds	28,858,417	37,286,687
Corporate Training Programmes	2,480,648	1,860,126
Other income:		
Profits and dividend	21,422,531	20,980,232
Other income	3,651,583	2,405,299
	331,600,964	355,061,224

In year 2012, the Commission introduced a Fee Reduction Package for New and Renewal of Registration of Businesses and Discount for Settlement of ROB Compounds with effect from 1 June 2012 until 31 December 2012. Under the fee reduction package, a fee of RM50.00 will be imposed for new and renewal of registration of businesses for a period of five consecutive years as compared to the current RM150.00 and RM300.00 fee imposed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

17. INCOME (continued)

As for settlement of compounds, a discount of fifty percent (50%) was granted for all compounds issued for late registrations and renewal of registrations.

The discounts offered under this package had reduced the Commission's income for year 2012 by RM160,948,050 and the breakdown of the gross income is as follows:

	2013 RM	2012 RM
Gross income from operating activities:		
Services income	275,187,785	449,946,050
Compounds	28,858,417	40,817,567
Corporate Training Programmes	2,480,648	1,860,126
Other income:		
Profits and dividend	21,422,531	20,980,232
Other income	3,651,583	2,405,299
Total Gross Income	331,600,964	516,009,274
Discounts offered under ROB Fee Reduction and Discount Package	-	(160,948,050)
	331,600,964	355,061,224

18. STAFF COSTS

	2013 RM	2012 RM
Salaries	51,852,972	49,301,132
Fixed allowances	7,802,079	7,681,875
Statutory contributions	12,590,459	11,820,003
Overtime allowance	901,360	804,111
Bonus and other benefits	14,596,135	13,210,917
Medical benefits	5,139,535	4,038,583
Members' allowances	388,383	370,990
Subsidies to staff on Government loan	49,689	64,865
	93,320,612	87,292,476

*The number of employees of the Commission as at 31 December 2013 was 1,218 inclusive of 54 temporary staff (2012:1,267 inclusive of 48 temporary staff)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

19. ADMINISTRATION COSTS

	2013 RM	2012 RM
Travelling and accommodation	4,906,979	4,855,103
Communication and utilities	7,210,348	7,038,435
Rental	16,745,443	18,659,866
Printing and stationeries	6,830,607	5,603,180
Upkeep of equipment	12,187,168	11,088,812
Office maintenance and security	3,460,233	3,281,265
Professional fees	961,780	389,834
Entertainment and hospitalities	6,481,497	6,560,504
Other administrative costs	1,079,884	443,851
	59,860,939	57,920,850

20. SURPLUS BEFORE TAXATION

	2013 RM	2012 RM
Surplus for the year before taxation is derived after crediting: -		
Profits and dividend	21,422,531	20,980,232
Miscellaneous income	1,763,891	1,406,654
Rental of real property	1,572,610	966,008
Gain on disposals of property, fittings and equipment	315,082	32,636
And charging: -		
Members' allowance	388,383	370,989
Auditors' remuneration	65,000	62,073
Bonus and other benefits	14,596,135	13,210,917
Depreciation	21,169,022	21,695,684
Amortization on grants received	(6,111,192)	(6,111,192)
Amortization on long term investments	483,513	368,554

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

21. TAXATION

	2013 RM	2012 RM
Balance as at 1 January	2,796,000	-
Provision for the year	-	2,796,000
Overstated provision for previous year	(2,796,000)	-
Balance as at 31 December	-	2,796,000

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

Since the tax exemption has expired, a total of RM2,796,000 was provided for corporate tax for financial year ended 31 December 2012 based on the corporate rate of twenty five percent (25%).

The Commission had submitted an application for subsequent tax exemption to the Ministry of Finance and the Ministry of Finance, via its letter dated 6 March 2013, had agreed to grant a subsequent tax exemption for a period of five (5) years from year of assessment 2012 until year of assessment 2016. Based on the exemption given, the provision for taxation in year 2012 was adjusted in the current year.

A numerical reconciliation between tax expenses/(income) and the accounting profit multiplied by the current tax rate of twenty five percent (25%) as follows:

	2013 RM	2012 RM
Profit for the year	-	4,095,140
Exempted tax income	-	(83,160,425)
Unallowable expenses	-	81,869,805
Non taxable income	-	(8,520)
Balance as at 31 December	-	2,796,000

No deferred tax liabilities/(assets) have been recognized in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

22. CAPITAL COMMITMENTS

	2013 RM	2012 RM
Capital expenditure commitments :		
Approved and contracted for	11,797,223	1,895,502
	11,797,223	1,895,502

23. FINANCIAL RISK MANAGEMENT

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

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

(a) *Liquidity Risk*

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

(b) *Cash Flow Risk*

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

(c) *Profits and Interest Rate Risk*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments

Effective profits rates analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

23. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments

Effective profits rates analysis

	Effective profits rates per annum %	Within 1 Year RM	1-5 Years RM	More Than 5 Years RM	Total RM
As at 31 December 2012					
Financial Assets					
Deposits placements:					
Local banks and financial institutions	3.01 - 3.45	296,157,856	-	-	296,157,856
Amanah Raya Berhad	5.0	-	57,587,498	-	57,587,498
Debts securities held to maturity:					
Government Investment Issues	3.5 - 5.0	-	20,085,303	-	20,085,303
Cagamas Berhad	3.5 - 5.0	10,221,000	9,876,467	-	20,097,467
Islamic Medium Term Notes	3.5 - 5.0	-	44,667,056	-	44,667,056
Unit Trust	-	-	-	-	-
Negotiable Instrument Debts Certificate	3.01 - 3.45	5,000,000	-	-	5,000,000
Comodity Murabahah Deposit	3.01 - 3.45	52,000,000	-	-	52,000,000
Uncallable Negotiable Instrument Debt Certificate	-	-	-	-	-
		363,378,856	132,216,324	-	495,595,180

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 2013 is shown below:

	2013		2012	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Long Term Investments	140,671,976	139,706,886	84,849,826	86,127,219
Staff Financing	64,737,945	68,557,421	61,132,797	64,738,447

24. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2013 was tabled and duly approved by the Members of the Companies Commission of Malaysia on 23 July 2014.

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