



SURUHANJAYA SYARIKAT MALAYSIA
COMPANIES COMMISSION OF MALAYSIA

LAPORAN TAHUNAN • ANNUAL REPORT 2011 Suruhanjaya Syarikat Malaysia



LAPORAN TAHUNAN ANNUAL REPORT 2011



SURUHANJAYA SYARIKAT MALAYSIA
COMPANIES COMMISSION OF MALAYSIA

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**SURUH
COMPAN**



MINISTER'S MESSAGE
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MINISTER'S MESSAGE



As a statutory body regulating companies and businesses in Malaysia, the Companies Commission of Malaysia (SSM) has continued to record positive performances across all its key functions despite the challenging global environment. SSM has demonstrated a facilitative approach to its role as a registration authority, supplier of corporate and business information as well as an enforcement authority for corporate compliance. SSM also drives good governance towards ensuring Malaysia continues to thrive as a vibrant and conducive business destination.

Year 2011 witnessed SSM stepping into its ninth year having commenced its operations in 2002. In realising the core objectives of its establishment, SSM has succeeded in laying the foundation for strong networking links within society. In the process of doing so, SSM has enhanced its reputation and image.

SSM has progressed considerably in stature as an institution. It is now acknowledged as one of the key driver to promote the nation as the preferred business destination in the region and has gained recognition by its international peers in carrying out this role. It has been observed that throughout the year under review, SSM received a series of study visits from its foreign counterparts sponsored by the International Finance Corporation (IFC) which is a member of the World Bank Group. They were here to learn about SSM's exemplary internal processes and procedures in services delivery, handling corporate and business information, executing surveillance, investigation, enforcement as well as its robust training and education initiatives.

It is also encouraging to observe that the IFC has requested for a SSM officer to be seconded as a consultant to the Timor Leste Corporate Registry to assist this newly independent nation to develop their overall operational processes and procedures in managing a Corporate Registry. This is a testament to SSM's outstanding professionalism as well as recognition to the public services of Malaysia.

SSM has played a facilitative role in attracting the interest of 45,455 incorporations of new companies and registration of 284,598 new businesses in 2011. As at 31

December 2011, the total number of incorporations recorded at SSM was 972,500 while, the number of business registrations stood at 4.6 million. This is a clear outcome from Malaysia's resilient economic growth which is not affected by the declining Asian share market resulting from the European sovereign debt crises and the weakening of the US economy which occurred in the middle of the year.

The domestic economic growth has been relatively rapid as more and more Malaysians continue to have confidence in the stability of the Malaysian economy as reflected in buoyant involvement of the business community in various enterprises.

Most economies around the world are now relying on innovations to promote the emergence of new industries to generate economic growth. Malaysia is no exception. Under the New Economic Model (NEM), innovation has been identified as the 'key mechanism' that will propel Malaysia forward. The business community is to capitalize on the wealth of creativity and innovation to achieve sustainable performance, competitiveness as well as development to generate the income the country needs to become a high-income economy. Such new innovations will create products and services with the focus being on achieving value for the consumers.

Apart from innovation, other aspects which are crucial to ensuring sustainability of any business are good governance and social responsibility. Companies and businesses that embrace ethics, good governance practices and social responsibility would strive to drive down the costs and at the same time ensure increased value for both buyers and the company without compromising the environment, economic and social needs of the society in which they operate. Hence, it is imperative that corporate governance, social responsibility and innovation co-exist in all companies and businesses in Malaysia to ensure sustained economic growth of the nation.

SSM's initiatives in 2011 involved executing programmes to facilitate the formation and growth of more new companies and businesses in Malaysia. Initiatives such as the collaborative tie-up between Telekom Malaysia (TM) and Bank Simpanan Nasional (BSN) are a testament to SSM's efforts to encourage and expand greater interest and involvement of all sectors of society towards venturing into business.

The collaboration with TM involves the offer of the 'Office in a Box' (OIAB) product by the telecommunications

company to the public who incorporate their company or register their business. OIAB offers attractive call rates, unlimited broadband access, domain email and value-added services that provides for a comprehensive communications solution to those managing small offices and homes offices (SOHO) as well as for small and medium-sized industries (SMEs).

Meanwhile, cooperation with BSN will be a great boon to the business trader community in remote areas, where, renewal of business registration can now be done in all 339 branches of BSN throughout the nation.

In terms of providing knowledge and instilling awareness among its stakeholders, SSM has continued to offer rigorous training programmes throughout the year. It is also noteworthy that the inaugural SSM National Conference 2011 received encouraging response from companies and the business community. The participants have acquired invaluable knowledge and exposure to recent development in areas relating to the new corporate legal framework, Limited Liability Partnership, the Whistleblower Protection Act, SSM's enforcement philosophy and the new services delivery system designed to lead the business transformation of the nation.

It is also heartening to note that, with effective enforcement and surveillance efforts coupled with nationwide outreach programmes, stakeholder engagements, training and educational initiatives in 2011, the compliance rate in terms of lodgement annual returns and financial statements has increased to 90.4%. This is a clear indication that the domestic corporate community is conscientious of basic corporate governance requirements, financial reporting and in adhering to timely updating of corporate information.

2011 also saw the passage of the Kootu Funds Prohibition (Amendment) 2011 in Parliament in July. It is a new beginning for certain sections of the business community. The Act is being amended mainly to send a signal that there will be a stringent and stiff penalty against promoters of kootu schemes that operate on a business model of profit taking. The said Amendment Act 2011 provides for a higher imprisonment term of a maximum of 10 years or penalty of RM500,000 or both. These measures would serve as exemplary punishment and thus, we hope to see less cases of the public being cheated by such schemes. Nevertheless, this Amendment Act, will not affect schemes organised by those small groups of people which are not profit seeking but rather savings based in nature.



SSM has progressed considerably in stature as an institution. It is now acknowledged as one of the key driver to promote the nation as the preferred business destination in the region and has gained recognition by its international peers in carrying out this role.

At the same time, the introduction of the newly promulgated Limited Liability Partnership Act (LLP) in December represents a landmark success for SSM in its efforts to promote entrepreneurship among the younger generation and aspiring entrepreneurs in Malaysia. The LLP, expected to be implemented in June 2012, will provide the means to draw the interest of aspiring and young entrepreneurs, particularly year 2011 university graduates to be more enterprising and innovative. Given the liberalised compliance regime and lower cost of doing business compared to that of a limited liability company, a greater number of LLPs are expected to be registered through venture capital initiatives to take advantage of emerging business opportunities both at domestic and international levels.

Moving towards to 2012, I invite the SSM workforce to continuously re-invent the successes achieved by fully utilising the talents inherent in each of you to realise the shared goals of this institution. To succeed, we need to work as a team in the spirit of 1Malaysia, one vision and one goal while not letting up on the SSM work culture of dedication and service to the Rakyat.

DATO' SRI ISMAIL SABRI BIN YAAKOB

Minister of Domestic Trade, Co-operatives & Consumerism

12 April 2012



CHAIRMAN'S FOREWORD



Having cushioned ourselves from the global economic crises of 2008 and 2009, the Malaysian economy was in a good position to continue on the path of development for year 2011, though constrained by the effects of a gloomy outlook that besieged the global economy.

Going forward, our open economy would probably be affected by the continuing Euro Zone financial crisis and the slow economic recovery of the United States of America. The challenges facing the world's economic growth due to a possible world recession remain daunting, but Malaysia must continue to strive in promoting a steady domestic demand and robust economic development projects. The nation's ability to maintain an above-average growth rate is testimony to the sound measures taken by the government in the transformation of the public sector and the restructuring of the nation's economy under the National Key Economic Areas (NKEA).

I am heartened by the approach adopted by all SSM's employees especially in making a success of the people's outreach programmes. In particular, SSM's initiative to extend its promotional activities for its products and services to the rural areas by participating in several "reaching out to the People" programme in Sabah and Sarawak and the Felda settlers in Pahang.

I am pleased with the new focus of SSM in educating the public with regards to the investment in interest schemes and get rich-quick schemes. Efforts such as these will have the desired effect of creating public awareness on the need to be more vigilant about get rich-quick and illegal schemes. The dissemination of relevant information will provide a clearer picture to consumers and this will enable them to evaluate and decide which schemes they could participate and which scheme they should be refrained from participating.

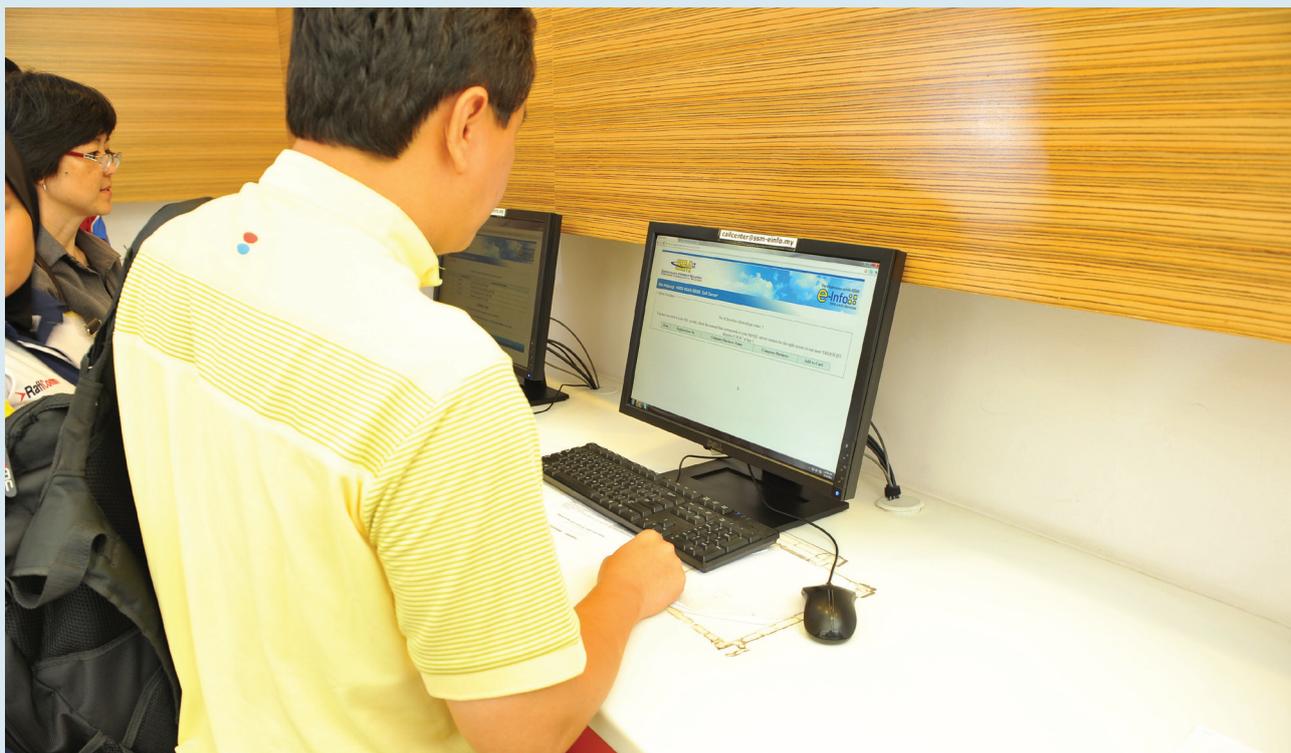
I am also impressed by the fact that the outreach program has been widened in scope with the participation of the Ministry of Domestic Trade, Co-operatives and Consumerism and its agencies as well as other ministries, to hold exhibitions together with SSM to explain their operations to the general public.

In tandem with government transformation measures, I wish to laud SSM for successfully launching a new business model termed the Limited Liability Partnership (LLP) Bill as an alternative vehicle for business operations that was passed by the Senate on 21 December. Malaysia now joins other developed jurisdictions, such as the United Kingdom, Singapore, the United States, Japan and India which all have introduced the LLP option for their respective business community in their country. With the introduction of the LLP, the public will have a number of options for conducting their business and not limited to traditional modes such as incorporation of a company, sole proprietorship, or a partnership.

The initiatives implemented by SSM have the potential to drive the nation towards greater competitiveness in line with government's move to simplify procedures and reduce administrative and compliance costs to facilitate business administration. The new LLP framework will be 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.

SSM has been organizing a series of seminars on Corporate Responsibility (CR) to promote awareness on the need to practise corporate responsibility among interest groups particularly SMEs in line with the SSM's Second Strategic Direction Plan. The seminars are also aimed at exposing the business community on methods and practices that will ensure sustainability of businesses and inspire the business community towards meeting the challenges of staying competitive. The proposal to organise such seminars on an annual basis in stages in all the states of Malaysia including Sabah and Sarawak is welcomed.

Apart from above, SSM's continued collaboration with UNICEF has seen another CR related publication being issued that is vital in ensuring women remain in the workforce. The publication entitled "Establishing a Conducive Working Environment for Women: Nursing Mothers Programme at the Workplace" is the second SSM's Best Business Practice Circular (BBPC) to promote CR awareness among the Malaysian business community. This BBPC encourages companies and businesses to play their role in supporting a family and child-friendly environment at the workplace by endorsing a nursing mother's programme for women to remain in employment in line with the Tenth Malaysia Plan and Malaysia's Vision 2020 which promotes socio-economic development.





SSM Management and its workforce have made every effort to serve its stakeholders based on sound understanding of the increasingly competitive and challenging nature of global business practices. This has enabled SSM to better respond to the evolving needs of the local business community in the rapidly changing business environment by streamlining its business processes, and refining its policies as well as the legislative framework.

Finally, it must be said that as a corporate regulatory body, the Management of SSM and its workforce have made every effort to serve its stakeholders based on a sound understanding of the increasingly competitive and challenging nature of global business practices. This has enabled SSM to better respond to the evolving needs of the local business community in the rapidly changing business environment by streamlining its business processes, and refining its policies as well as the legislative framework.

Though the year ahead is filled with many more challenges, I am confident SSM will continue to build on its achievement in the past year not only to spur domestic business growth but also in creating a competitive business environment for Malaysia to attract significant inflow of foreign investments.

DATUK MOHD ZAIN MOHD DOM

Chairman

Companies Commission Malaysia

23 December 2011



SURUHANJAYA SYARIKAT MALAYSIA
COMPANIES COMMISSION OF MALAYSIA

CHIEF EXECUTIVE OFFICER'S REVIEW OF THE YEAR



In 2011, SSM continued to play a key role in contributing to national economic prosperity by promoting business growth and ensuring good corporate governance and compliance among the business community. SSM diligently carried out numerous initiatives to facilitate business and in maintaining a responsive regulatory environment as evidenced by the number of milestones achieved during the year under review which we are pleased to publish in this annual report.

The nation's international reputation for ease of doing business and global competitiveness has seen a remarkable improvement. According to the *Global Competitiveness Report 2011*, Malaysia is ranked the 21st most competitive nation in the world, a 5-notch improvement over the previous year.

With regard to ease of doing business, the World Bank's *Doing Business 2012 Report* that was released in October 2011, reported that Malaysia moved up to 18th position from 21st the year before. The report highlighted that Malaysia took the lead in East Asia and the Pacific region on specific indicators which showed significant improvements with the introduction of electronic filing in the courts, setting up specialised civil and commercial courts in Kuala Lumpur and in merging company, Inland Revenue Board of Malaysia (IRBM), Social Security Organisation (SOCSO) and Employees Provident Fund (EPF) registrations at a one-stop centre for business start-ups. This is specifically in reference to the MyCoID system as a one stop centre project that was spearheaded by SSM.

Continuous enhancements to the MyCoID system as well as our counter services have witnessed the speedy and efficient approval or registration of various key transactions involving SSM. According to our records, we have achieved almost 100% of the targets as set out in our Business and Company Client Charter. The achievement in processing time for the transactions stated in the Client Charter is a manifestation of SSM's commitment to providing a customer-centric and proactive public service delivery system towards creating a vibrant, resilient and competitive economy.

These achievements must be attributed to the support of our partners and stakeholders in the business community as well as the dedication and hard work of SSM employees. SSM will step up efforts to further transform itself in the face of challenges that lie ahead and continue delivering improvements to the services that we offer to our customers.

In the face of the uncertainty over the global economic environment which radically affected many jurisdictions around the world, Malaysia remains focused in managing the risks posed by the global crisis. The Government and all its agencies including SSM are all geared to greater efforts in confronting challenges and to capitalise on opportunities presented by the changes that are taking place around the world. With continuous stakeholder engagements, towards creating a conducive business environment for the nation, we have seen steady growth in the number of new incorporation and registration of businesses. In 2011, registration of local companies increased by 3% compared to the year before whilst, registration of new businesses was up by 5% in spite of the global economic slowdown.

During the year under review, communication was a key factor in reaching out to our stakeholders. Engagement with our stakeholders is the key approach in establishing a clear and positive understanding through activities that deliver a strong subscription to SSM's activities, services, core values, and the rule of law in compliance with legislated business conducts.

SSM's initiative on stakeholder engagements comprised numerous sessions such as the Corporate Practice Consultative Forums (CPCF), the CPCF Technical Committee, Annual Dialogues and Business Engagement Chapter. In 2011, SSM organised two CPCF and two Annual Dialogues at its head office in Kuala Lumpur and an Annual Dialogue in Kuching, Sarawak. Apart from promoting greater cooperation between SSM and members of the professional bodies, the CPCF also provided an avenue for joint consultation and deliberation of corporate practice issues.

The Annual Dialogues were attended by members of chambers of commerce, trade associations, statutory bodies, GLCs and government agencies. Besides fostering a closer relationship, the regular dialogue sessions have enabled us to better understand our stakeholders' needs and expectations. The invaluable feedback that we received during the sessions, has resulted in SSM undertaking several reforms over the past year to improve its efficiency and services. These engagement sessions have also enabled us to develop

collaborative measures to further enhance the regulatory and business environment.

Realising the importance of the SMEs which constitute 99% of all the business establishments in the country and which function as a key driver of the nation's economic growth, SSM held an inaugural forum with SMEs on 18 October 2011. Termed the Business Engagement Chapter (BEC), our presentation to the participants highlighted the following three areas:

- a) Importance of Continuous Corporate Education in the 21st century Business Environment
- b) Amendments to Companies Act 1965 & Introduction of the Limited Liability Partnership Act 2012
- c) One Day Incorporation and the Malaysia Corporate Identity Number

On the international stage, SSM continued to contribute towards international developments by participating in several international conferences and forums in the past year.

As one of the founding members of the Corporate Registers Forum (CRF), we have participated in all the CRF sessions since 2003. Held in Singapore, the CRF 2011 saw SSM presenting two papers at the forum. One paper dealt with the subject of SSM's reform initiatives in enhancing the incorporation process, while the second entitled '*SSM's Corporate Responsibility Agenda: Crossing Boundaries towards Driving Business Beyond Profitability*' was on promoting the Corporate Responsibility Agenda.

Other international events which SSM participated in 2011 are as follows:

- i) The 29th Cambridge Symposium on Economic Crime held at Jesus College, Cambridge United Kingdom. Apart from delivering a keynote speech, SSM was also invited to present three other papers on areas relating to the legal framework on internal control, investigation and prosecution under the Anti-Money Laundering & Anti-Terrorist Funding Act 2001 (AMLATFA 2001) and parallel proceedings.
- ii) The 14th Annual European Commerce Registrar's Forum held in Bonn, Germany. The forum provided an opportunity to SSM to share experiences and best practices with its European counterparts on



With the introduction of the LLP, the public will have a number of options for conducting their business and will not be limited to traditional modes such as incorporation of a company, sole proprietorship or a partnership firm

creating a conducive and efficient environment for the development of businesses in Europe.

- iii) OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes held in Paris, France.

Besides participation in these international conferences, SSM provided assistance to the World Bank's *Doing Business 2012 Report* in three areas of assessment, namely starting a business, protecting investors and resolving insolvency.

Year 2011 saw important developments in legislation administered by SSM. The amendment to the Kootu Funds (Prohibition) Act 1971 received the Royal Assent on 18 July 2011 and took effect on 16 August 2011. This amendment provides for a significantly heavier penalty for organisers of illegal kootu schemes with a maximum penalty of RM500,000 compared to RM5,000 previously.

The new Limited Liability Partnership Act 2011 which offers an alternative business vehicle for conducting business in Malaysia was passed by the Dewan Negara on 21 December 2011 and is expected to be fully implemented next year.

A new Companies Bill to replace the Companies Act 1965 is in its final stage of completion, and is expected to be tabled in Parliament in 2013. This new Bill places particular emphasis on SMEs with the objective of making it simpler for small companies to meet their legal obligations under a reduced compliance cost structure. The ultimate aim is to offer them greater flexibility in the management of their companies. Amendments are also being made to the Companies Commission of Malaysia Act 2011 to further strengthen SSM's stature as an efficient and effective corporate regulator.

In an effort to promote the growth of interest scheme industry in Malaysia, SSM has proposed that the interest

schemes under Division 5 of part IV of the Companies Act be made a separate piece of legislation. The proposed Interest Scheme Bill is currently being drafted and is expected to be finalised by the second quarter of 2012.

A total of four practice notes were issued in the past year as part of SSM's continuous efforts to assist professionals and the business community in complying with the provisions of the Companies Act 1965:

- a) PN 10/2011 - Lodgement of annual return where an annual general meeting cannot be convened due to lack of quorum.
- b) PN 11/2011 - Clarification on whether a society can be a member of a company
- c) PN 12/2011 - Compliance programmes to encourage timely submission of annual returns and audited financial statements
- d) PN 13/2011 - Circumstances and procedures for rectification of documents lodged and registered with the Companies Commission of Malaysia

The compliance rate for the lodgement of annual returns has steadily improved since the introduction of Practice Note 1 in 2008, which ensures that the submission of annual returns is accompanied by a copy of audited financial statements. We achieved a compliance rate of 90.4% in 2011 compared with 87% last year, and 84% in 2009.

In line with our effort to create a conducive business environment, SSM's enforcement division has intensified its enforcement action against errant company officers and business owners. The number of cases prosecuted for various offences under the Companies Act 1965 and Registration of Businesses Act 1956 increased

significantly, rising to 21% and 15% respectively, compared to 2010.

For offences committed under the Companies Act 1965, an increased number of cases involving breach of fiduciary duties and other serious corporate governance offences were prosecuted. These include offences under sections 125(1), 130 and 364(2) relating to directors who continue in office even upon being declared a bankrupt or when there is a conviction order and in respect of lodgement of false and misleading information to the Registrar.

With regard to our progress in promoting Corporate Responsibility among stakeholders, we have, in collaboration with UNICEF, issued the Best Business Practice Circular 2/2011 entitled "*Establishing a Conducive Working Environment for Women: Nursing Mothers Programme at Workplace*".

The Companies Commission of Malaysia Training Academy (COMTRAC) continues to play a vital role in complementing SSM's balanced enforcement initiatives in promoting voluntary compliance through enhancing awareness and educating stakeholders. In the past year, a total of 177 seminars and training sessions were conducted by COMTRAC nationwide, compared to 152 in the previous year.

SSM held its inaugural SSM National Conference 2011 from 13-14 June 2011 at Auditorium Tun Dr Siti Hasmah at Menara SSM@Sentral. This two-day conference attracted well over 300 participants consisting of corporate professionals, company secretaries and representatives from various Government agencies as well as the private sector. The conference, with the theme '*Driving Business Transformation Dynamics through Regulations and Enforcement*', provided participants with gainful insights on the latest trends and developments affecting companies and businesses.

Financially, we have ended the year with a record revenue of RM 357.7 million an increase of 5.1% compared to 2010. This is indeed an achievement, given the negative impacts on the domestic economy arising from uncertainty in the global financial markets brought about by the sovereign debts crisis in the Euro zone. This increase in revenue is largely attributed to the significant increase in new registrations of companies and businesses as well as income from investments.

I wish to record my gratitude to the Commission Members for their contribution towards charting direction of SSM. I would like to extend my deep appreciation to

the SSM Management team and employees for their sheer hard work and commitment that has contributed to this year's sterling performance.

The year 2012 will present more challenges and uncertainties. In moving ahead, SSM will endeavour to continuously innovate new products and review not only our internal operations but also the legislation that we administer, governing all facets of businesses and corporations to create a more facilitative and competitive business environment for Malaysia. The success of SSM is a shared responsibility between the corporate and business community, other regulators and the Government. With collaborative efforts, continued support and unwavering commitment from employees at all levels, we can all look forward to a more rewarding and successful year ahead.

MOHD NAIM BIN DARUWISH
Chief Executive Officer
Companies Commission of Malaysia
18 May 2012





SSM'S COMMISSION MEMBERS

SSM'S COMMISSION MEMBERS

SSM's Commission Members are entrusted with the responsibility of governing, steering and charting the direction of SSM. Members are appointed by the Minister of Domestic Trade, Co-operatives and Consumerism as provided under Section 6(1) of the Companies Commission of Malaysia Act 2001. The Commission Members are made up of legal practitioners, senior government officers and leading corporate figures with a distinguished record. Various initiatives, improvements and achievements in customer services, internal administration, law reform and networking that have strengthened SSM over the years owe much to the active contributions of the Commission Members. Their advice and guidance has been a distinctive and

continuous feature of the success achieved thus far by the SSM.

For the year in review, the Commission Members met a total of seven times to discuss and approve various important matters including long term plans, strategic initiatives and to analyse the established KPIs. The Commission Members continue to exercise their oversight of the Management of SSM to ensure good governance and best practices are incorporated into the fabric of the various functions and duties it performs.

The details of the meetings held for the year 2011 are as follows:

Meetings of Commission Members in 2011

Members	57th Meeting 8/2/11	Special Meeting 1/2011 5/4/11	58th Meeting 10/6/11	59th Meeting 4/8/11	60th Meeting 11/10/11	61st Meeting 27/10/11	Special Meeting 2/2011 19/12/11
Y. Bhg. Datuk Mohd Zain bin Mohd Dom (Chairman until 25 December 2011)	√	√	√	X	√	√	√
Y. Bhg. Datuk Idrus bin Harun	√	X	X	√	√	√	√
Puan Zaiton binti Mohd Hassan	√	√	√	√	√	X	√
Y. Bhg. Datuk Idris bin Abdullah	√	X	√	√	√	√	√
Y.B. Dato' Hj. Ismail Hj. Mohamed Said	X	X	-	√	√	-	-
Y.B. Datuk Hj. Sapawi bin Ahmad	√	X	√	√	√	X	√
Y. Bhg. Datin Rozaina binti Zainuddin	√	√	X	√	√	√	√
Y. Brs. Prof. Dr. Aishah binti Bidin	√	√	X	√	√	X	√
Y. Bhg. Dato' Azmi bin Ariffin (CEO)	√	√	√	√	√	√	-
Y. Brs. Mohd Naim bin Daruwish (CEO)	-	-	-	-	-	-	√

Y. BHG. DATO' SARIPUDDIN BIN KASIM
(Effective from 16 January 2012)

Y. Bhg. Dato' Saripuddin bin Kasim, holds Master of Business Administration from the University of Hartford, USA, as well as Bachelor in Economics (Hon.) from University of Malaya. He started his career as an Assistant Director in the Ministry of Trade and Industry in 1982. In 1984 until 1991 he held the position as an Assistant Secretary in the Ministry of Public Enterprises. In 1993 he served as an Assistant Registrar in INTAN while in 1994 he was appointed as an Assistant Director in JPA. He then became the Principal Assistant Director in JPA from 1997 to 1998. In 1998 until 2001 he held the position as a Special Officer to the Director General of Public Services.

Dato' Saripuddin then continued his career in Tokyo, Japan as the Counselor/ Embassy Advisor to the Malaysian Embassy from the year 2001 to 2004 and then was appointed as the Attaché of Education and Training in High Commission of Malaysia in London from June 2004 to 2006. He then became the Under Secretary International Relations Division, Ministry of Women, Family and Community Development from 2006 to 2007 before appointed as the Deputy Secretary General of the same ministry from 8 February 2008 onwards. From 10 September 2008, he was appointed as the Director General of Legal Affairs Division in Prime Minister's Department. He served the department until 25 December 2011 before being appointed as the Secretary General for Ministry of Domestic Trade, Cooperative and Consumerism (MDTCC) until now. As the Secretary General for MDTCC, Dato' Saripuddin also serves as the Chairman for Suruhanjaya Syarikat Malaysia (SSM) and Commission Member for the Malaysia Competition Commission (MyCC) and Malaysia Co-operative Societies Commission (SKM).



Y. BHG. DATUK MOHD ZAIN BIN MOHD DOM
(Until 25 December 2011)

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

Datuk Mohd Zain briefly held the position of Secretary General of the Ministry of Domestic Trade, Co-operatives and Consumerism on 6 February 2007 before being appointed Chairman of SSM on 1 March 2007. He is the Chair of the Co-operative College of Malaysia and a Commission Member of the Co-operative Commission of Malaysia. He had also served as a Commission Member of the Malaysian Communications and Multimedia Commission. Datuk Mohd Zain served as the Chairman of SSM until his retirement on 25 December 2011.



Y. BHG. DATUK IDRUS BIN HARUN

Y. Bhg. Datuk Idrus bin Harun was appointed a Commission Member in April 2002. He holds a LLB (Hons) Degree from the University of Malaya. He started his career as a Legal Officer in 1980. Datuk Idrus has since then served in various senior positions, including the Senior Assistant Registrar of the Kuala Lumpur High Court, Sessions Court Judge in Kota Kinabalu, Deputy Public Prosecutor of the Attorney General's Chambers, Legal Advisor 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 appointed to his current position as Solicitor General.

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

PUAN ZAITON BINTI MOHD HASSAN (Until 31 December 2011)

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

Puan Zaiton is currently the Managing Director of Capital Intelligence Advisors Sdn. Bhd. She is a board member of Credit Guarantee Corporation Malaysia Berhad, BIMB Holdings Berhad, Bank Islam Malaysia Berhad, SME Credit Bureau Sdn. Bhd., Malaysian Industrial Development Finance Berhad (MIDF), Sime Darby Berhad and Sime Darby Overseas (HK) Limited. Puan Zaiton served as a Commission Member until 31 December 2011.



Y. BHG. DATUK IDRIS BIN ABDULLAH

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

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

**Y.B. DATO' HJ. ISMAIL BIN HJ. MOHAMED SAID
(Until May 2011)**

Y.B. Dato' Hj. Ismail was appointed a Commission Member effective 1 June 2009. He graduated with LLB (Hons) from the National University of Malaysia in 1990. Dato' Ismail started his career as a Legal Assistant in Messrs. Bahari, Choy & Nongchik. He is currently a partner in the same legal firm. He is also the Chairman of Entrepreneur Development Council, Temerloh and a director of the Malaysia France Institute. Dato' Hj. Ismail is the Member of Parliament for Kuala Krau, as well as the Head of UMNO Kuala Krau. He is also the Chairman of Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN). He served as a Commission Member until 31 May 2011.



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

Y.B. Datuk Hj. Sapawi was appointed a Commission Member effective 20 July 2009. He graduated with BA (Hons) 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 and also the Chairman of the Sabah Language and Literature Council. Datuk Hj. Sapawi is the Member of Parliament for Sipitang, the Head of UMNO Sipitang, as well as the Chairman of the Sabah Land Development Board.

Y. BHG. DATIN ROZAINA BINTI ZAINUDDIN

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



Y. BRS. PROF. DR. AISHAH BINTI BIDIN (Effective from 1 January 2011)

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, Universiti Kebangsaan Malaysia (UKM). Her areas of specialization 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. Dr Aishah has written for various local Malaysian and British academic journals on company, securities and insolvency law. Dr Aishah obtained her LLB (Hons) from University of Malaya, Masters in Laws from the University of Kent and her Ph.D in Laws from University of London.

Dr. Aishah was a member of the Malaysian Corporate Law Reform Committee (CLRC). Currently she is the Legal Advisor of UKM Holdings, the Corporate Arm of University Kebangsaan 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.

Y. BHG. DATO' AZMI BIN ARIFFIN
(Until 31 October 2011)

Y. Bhg. Dato' Azmi bin Ariffin was appointed as the third Chief Executive Officer of SSM on 16 April 2009. Prior to assuming the position of CEO, Dato' Azmi served as the Head of Commercial Crime Unit of the Attorney General's Chambers in Putrajaya. He graduated with an LLB (Hons) Degree from the University of Malaya and commenced his career with the Legal and Judicial Service on 1 October 1987.

He had served in various capacities namely as Deputy Public Prosecutor with the Anti Corruption Agency from 1987 to 1990, Senior Magistrate in the Kuching Magistrate Court from 1990 to 1991, Deputy Public Prosecutor with the Johor State Legal Advisor's Office from 1991 to 1994, Research Officer with the High Court of Johor Bahru from January to October 1994, as Deputy Public Prosecutor with the Kedah State Legal Advisor's Office from 1994 to 2000 and as Head of the Prosecution Unit with the Kelantan State Legal Advisor's Office from 2000 to 2004. Dato' Azmi had also served as Deputy Public Prosecutor for the Classified Cases Unit as well as the Deputy Head of Prosecution Division of the Attorney General's Chambers in Putrajaya. Dato' Azmi is also a board member of the Labuan FSA, the Corporate Governance Consultative Committee and the Audit Oversight Board (AOB) under the Securities Commission of Malaysia and the Financial Reporting Foundation (FRF). Dato' Azmi served as the Chief Executive Officer until 31 October 2011.



Y. BRS. MOHD NAIM DARUWISH
(Effective from 1 December 2011)

Mohd Naim Daruwish graduated with a LLB (Hons) degree from the University of Malaya. He began 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 then 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 by him 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. Mohd Naim was appointed as the Chief Executive Officer of SSM effective 1 December 2011.



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SSM'S EXECUTIVE MANAGEMENT



MOHD NAIM DARUWISH
Chief Executive Officer
(Effective from 1 December 2011)

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DATO' AZMI BIN ARIFFIN
Chief Executive Officer
(Until 31 October 2011)

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as the Deputy Head of Prosecution Division of the Attorney General's Chambers in Putrajaya. Dato' Azmi is also a board member of the Labuan FSA, the Corporate Governance Consultative Committee and the Audit Oversight Board (AOB) under the Securities Commission of Malaysia and the Financial Reporting Foundation (FRF). Dato' Azmi served as the Chief Executive Officer until 31 October 2011.



ZAHRAH ABD WAHAB FENNER – DEPUTY CHIEF EXECUTIVE OFFICER (SERVICES)

Zahrah was appointed the Deputy Chief Executive Officer (Services) [DCEO Services] on 1 June 2002. As the DCEO (Services), Zahrah oversees the Corporate Resource Division, Information Communication & Technology Division and the Public Affairs Section. Presently, she is a member of the Approval and Implementation Committee of the Iskandar Region Development Authority (IRDA), and is also a council member of the Malaysia Institute of Accountants since 16th July 2011. Zahrah joined SSM in July 1995 and served as SSM's (previously the Registrar of Companies) Chief

Accountant. Zahrah holds a Bachelor in Accounting (Hons) from Universiti Kebangsaan Malaysia and is a Chartered Accountant. She began her career as an Advisor Accountant with the Royal Customs and Excise Department and served the department from August 1984 to April 1992 where she advised on matters relating to valuation and standard international practices of the open market. Between May 1992 and July 1995, Zahrah was attached to the Ministry of Foreign Affairs as the Principal Accountant where she was responsible for financial accounts and auditing of the Malaysian Embassies and High Commissions worldwide.

ROKIAH MOHD NOR DEPUTY CHIEF EXECUTIVE OFFICER (OPERATIONS)

Rokiah was appointed as the Deputy Chief Executive Officer (Operations) [DCEO (Operations)] with effect from 5 July 2008. She oversees the functions of the Registration and Services Division, Marketing and Business Development Division, the Corporate Development & Policy Division and Branch Operations Section which is responsible for the supervision and monitoring of 14 state offices, 4 branch offices and a service centre nationwide. Rokiah holds a Bachelor Degree in Science (Hons) from Universiti Sains Malaysia. She joined the civil service as the Commercial Registration Officer in January 1980. Over the years she has held various positions in the Registration Division and after the incorporation of SSM, she became the Head of General Documents Section.



DATO' MUHAMMAD REDZUAN ABDULLAH SENIOR DIRECTOR, ENFORCEMENT (Until 31 October 2011)

Dato' Muhammad Redzuan was appointed a Senior Director of the SSM's Enforcement Office in January 2009 until 31 October 2011. He began to oversee complaints, compliance, investigation civil litigation and legal advisory portfolios in SSM. Prior to this appointment, between January 2004 and December 2008, he served as the Director of Legal Services, Director of Compliance, Senior General Manager of Enforcement and General Manager of Legal Department. Dato' Muhammad Redzuan graduated from the International Islamic University Malaysia with an LLB (Hons) degree and began his career as a Police Officer, serving the police force from April 1974 to March 1995. He joined the Malaysian, Judicial and Legal Service on 15 March 1995 where he served as a Senior Assistant Registrar and Senior Magistrate.





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



KHUZAIRI YAHAYA
Director, Information
and Communication
Technology Division



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



AMIR AHMAD
Director, Corporate
Resources Division



**AZNORASHIQ
MOHAMED ZIN**
Director, Investigation
Division



AZRYAIN BORHAN
Director, Companies
Commission of
Malaysia Training
Academy
(COMTRAC)



ROSLI HAJI AHMAD
Director, Compliance
Division



**ISKANDAR SHAH
IBRAHIM**
Director, Legal Services
Division
(Until 31 October 2011)



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

MOHAMED ZANYUIN ISMAIL, Director, Registration Services Division

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

KHUZAIRI YAHAYA, Director, Information and Communication Technology Division

- **Portfolio:** Management of SSM'S Information and Communication Technology.
- **Career:** Started with Information and Communication Technology Division, Securities Commission for 10 years; appointed as the General Manager of Information and Communication Technology Department, SSM, in 2003; and then Director of Internal Audit in 2007. Resumed as the Director of Information and Communications Technology Division in 2010.
- **Academic Qualification:** Bachelor of Science in Management (Minor in MIS), Purdue University, USA.

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

- **Portfolio:** Law reform, policy, international and domestic networking, statistics, economic research, accounting development, periodical reporting, strategic planning, project management and monitoring, risk management, corporate responsibility.
- **Career:** Started as an Advocate and Solicitor in 1992; Law Lecturer at Accounting Department, Faculty of Business and Management, Universiti Kebangsaan Malaysia; seconded to the Malaysian Institute of Accountants in 2000; General Manager of the Corporate Policy, Planning and Development Department, SSM in 2003; In April 2007 appointed as Director of Companies Commission of Malaysia Training Academy (COMTRAC). On September 2010, appointed as Director of Corporate Development and Policy Division of SSM.
- **Academic Qualification:** Bachelor of Laws (Hons), Institut Teknologi MARA; Postgraduate Degree (LLM in Business Law), University of Wales, UK.

AMIR AHMAD, Director, Corporate Resources Division

- **Portfolio:** Human capital, talent management, organizational administration, integrity and discipline, administration, facilities management and financial affairs.
- **Career:** Attached with PA Management Consulting (M) Sdn. Bhd.; Maybank Bhd.; UMW Corporation and Eden Enterprise Bhd.; appointed as the General Manager of Human Resources Department, SSM, in 2004 and then, as Director of Corporate Resources Division in 2007.
- **Academic Qualification:** Bachelor of Science in Business Administration, Bowling Green State University; Master of Business Administration (MBA), Western Michigan University, USA.

AZ NORASHIQ MOHAMED ZIN, Director, Investigation Division

- **Portfolio:** Investigation
- **Career:** Attached to the Investigation Department, Securities Commission for nine years; experienced in investigation into corporate and securities fraud, and appointed as the Director of Investigation Division, SSM, in 2007.
- **Academic Qualification:** Bachelor of Accounting (Hons), International Islamic University of Malaysia; Certified Fraud Examiner (CFE); Master of Business Administration (MBA) in Finance, International Islamic University of Malaysia, and Chartered Accountant, Malaysia Institute of Accountants (MIA).

AZRYAIN BORHAN, Director, Companies Commission of Malaysia Training Academy (COMTRAC)

- **Portfolio:** Training of company directors, officers, company secretaries as well as members of the public on aspects of corporate law and enhancing SSM's staff capacity and capability.
- **Career:** Practicing Advocate & Solicitor in 1999; Senior Prosecuting Officer in the Prosecution Department and subsequently Senior Associate in the Securities Issues Division, Securities Commission between 2000 and 2004; Legal Manager, Borcos Shipping Sdn. Bhd. (subsequently seconded to Biotech Medical Corporation Sdn. Bhd. as Deputy General Manager (Legal) between 2004 and 2006), Assistant Vice President, Legal & Secretarial, Khazanah Nasional Berhad between 2006 and 2007; Director of Corporate Development and Policy Division, Companies Commission of Malaysia commencing April 2007; seconded to the Special Innovation Unit of the Office of the Prime Minister from August 2010 to April 2011.
- **Academic Qualification:** Bachelor of Laws (Hons), International Islamic University of Malaysia.

ROSLI HAJI AHMAD, Director, Compliance Division

- **Portfolio:** Management of SSM's compliance and corporate surveillance activities on company secretaries, auditors and board of directors.
- **Career:** Started as the Assistant Registrar of Companies in 1985; ROC Labuan Branch Manager; Head of ROC Pahang Branch; Head of ROC Melaka Branch; SSM's Set up Committee between 1999 and 2002; appointed as the State Director of SSM Melaka in 2004; State of Director of SSM Johor in 2006; and later, as the Director of Compliance Division in 2008.
- **Academic Qualification:** Bachelor of Economics (Hons), Universiti Kebangsaan Malaysia.

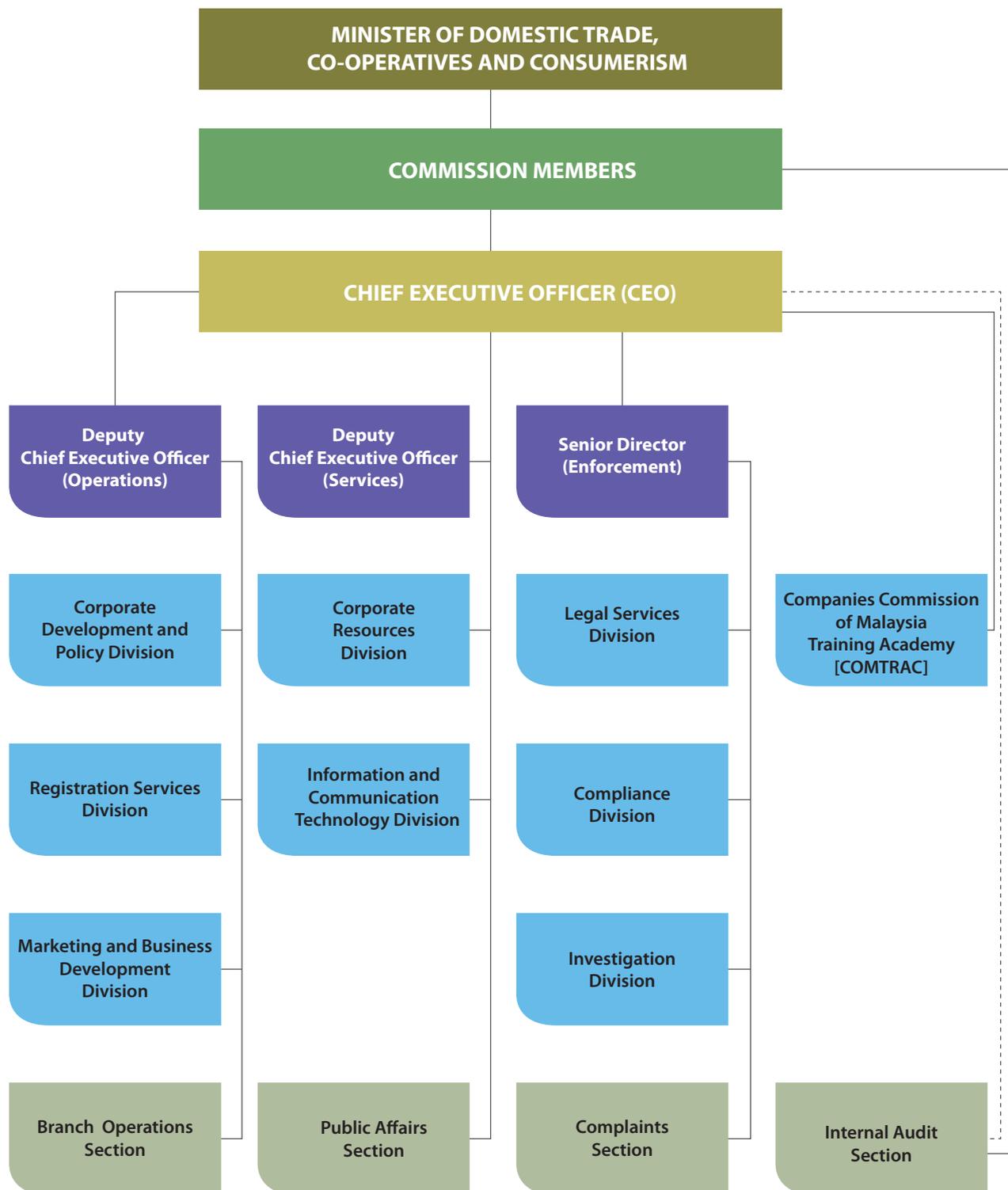
ISKANDAR SHAH IBRAHIM, Director, Legal Services Division (until 31 October 2011)

- **Portfolio:** Provides legal advice for SSM, manages all matters relating to prosecution of cases under the Companies Act 1965, the Registration of Businesses Act 1956 and the Kootu Funds (Prohibition) Act 1971, as well as civil cases by and against SSM.
- **Career:** Served as Deputy Public Prosecutor and Federal Counsel for the Johor State Legal Advisor's Office in 1994, the Head of Investigation And Enforcement Division, Department of Insolvency in 2001, Federal Counsel for the Department of Insolvency in 2003, Senior Federal Counsel of the Economic Planning Unit at the Prime Minister's Department in 2004, Senior Federal Counsel of the Public Private Partnership Unit at the Prime Minister's Department in 2009 and appointed as the Director of Legal Services Division, SSM in 2010.
- **Academic Qualification:** Bachelor of Laws (Hons), Institut Teknologi MARA.

MUHAMAD FARIS OTHMAN, Director, Marketing and Business Development Division

- **Portfolio:** Developed and enhanced innovative products and public service delivery by harnessing cutting-edge technology, developed and established effective marketing, sales and customer service strategies for SSM's products and services, established strategic collaborations and partnerships with other government agencies and the private sector.
- **Career:** Practised as an Advocate and Solicitor of the High Court of Malaya from 1993; joined SSM as the Head of Legal Section in 2004 and appointed as the Director of Marketing and Business Development Division in 2010.
- **Academic Qualification:** Bachelor of Laws, LLB (Hons) from Universiti Kebangsaan Malaysia and Master of Laws, LLM from University of Malaya.

CORPORATE STRUCTURE







2011 ECONOMIC REVIEW AND SSM'S KEY STATISTICAL ANALYSIS

2011 ECONOMIC REVIEW AND SSM'S KEY STATISTICAL ANALYSIS

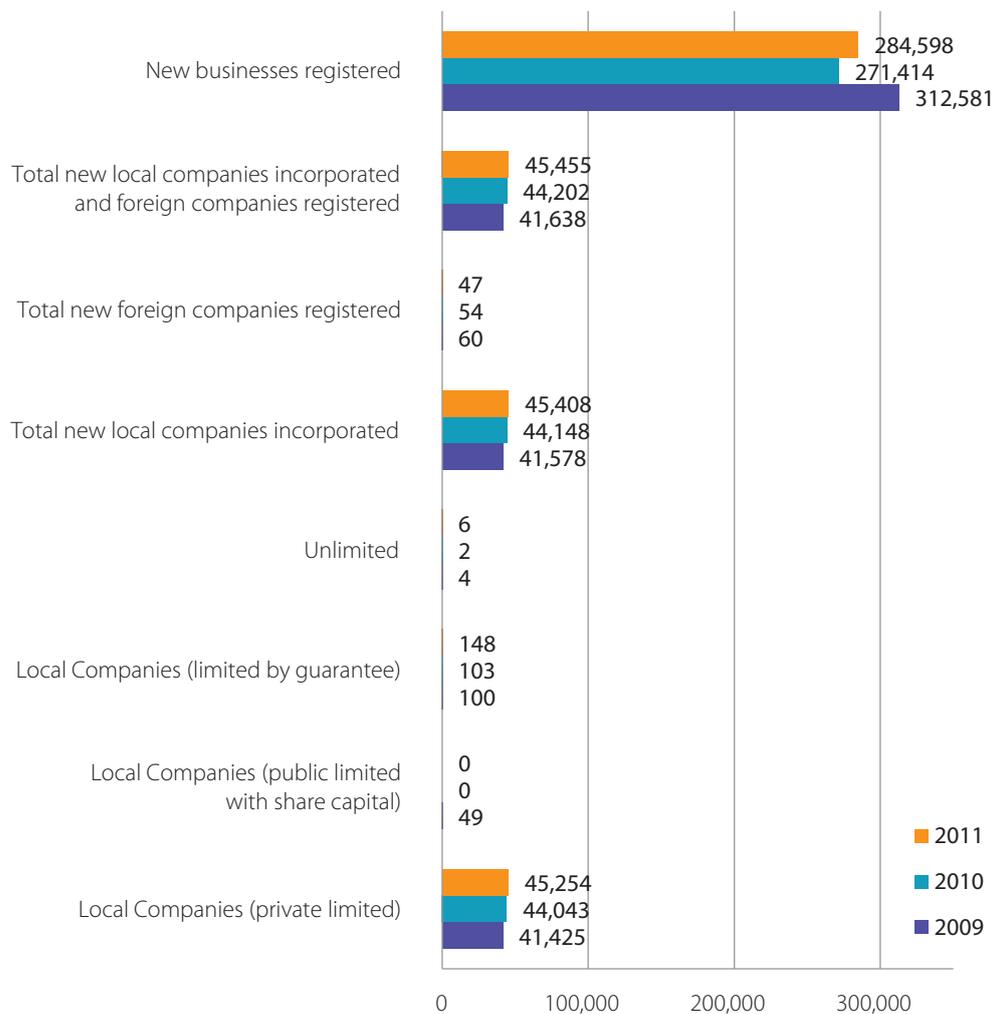
Year 2011 has been a turbulent year for the world economy. Apart from experiencing huge volatility in the financial markets in the wake of the Euro zone sovereign debt crisis, global inflation has increased significantly driven by sharp increases in prices of food due to the surge in commodity prices as a result of a string of natural disasters in Pakistan, Vietnam, China, Australia, the US, Japan and Thailand.

Despite the challenging external environment and higher inflation rate of 3.2% (2010: 1.7%) in the domestic economy, Malaysia's economy expanded by 5.1% in 2011 supported by strong domestic demand and driven by continued expansion in household and business spending as well as higher public sector expenditure. The strength of the domestic economic activity is reflected in the impressive growth in the number of registrations for both companies and businesses recorded by SSM in almost all sectors of the economy during the year.

In view of the unfavourable global developments which have significantly affected Malaysia's export in the year, the Government has undertaken various measures to sustain domestic demand to offset potential further slowdown in export growth in 2012, such as the implementation of Economic Transformation Programme and other stimulus initiatives announced in the 2012 Budget.

In light of the efforts being taken by the Government to ensure that the nation's economy remains resilient, and given the continuing difficult global economic conditions, especially the uncertainties in the global financial markets and expected higher global inflation due to rising oil prices, Malaysia's GDP is projected to moderate to between 4.5% and 5% in 2012.

Incorporation/Registration of New Companies & Businesses

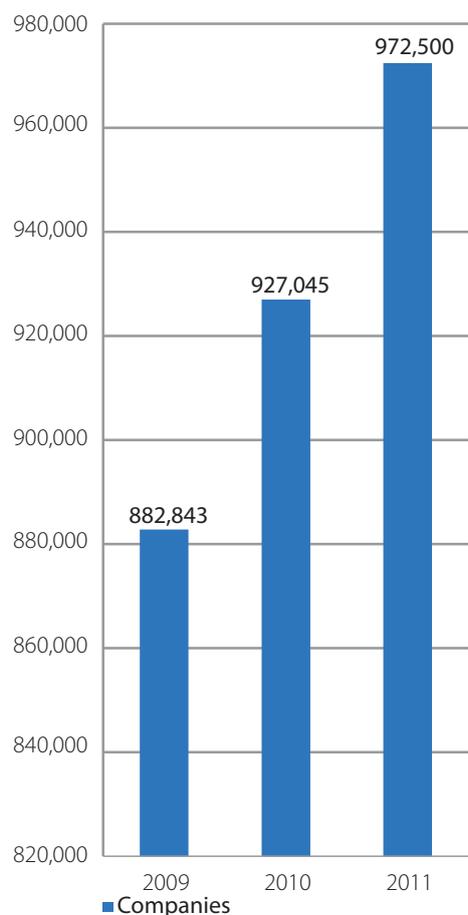


REGISTRATION OF COMPANIES IN 2011

The number of local companies registered in 2011 increased by 2.8% compared to last year despite the slowdown in the global economy and rising inflationary pressures due to a rise in food prices following the surge in commodity prices and hikes in electricity tariffs in April 2011. Strong domestic demand supported by continued expansion in private consumption and higher public sector expenditure has led to increased business activities in all sectors of the economy and hence the rise in the registration of companies.

In the case of foreign companies, only 47 registrations were recorded in 2011, down 13% from the previous year. The volatility of the global financial markets and the slow pace of recovery in advanced economies have impacted the growth of foreign companies during the year. Given the continuing difficult global economic conditions, registration of foreign companies is expected to be slow in 2012.

Companies Registered as at 31 December 2011

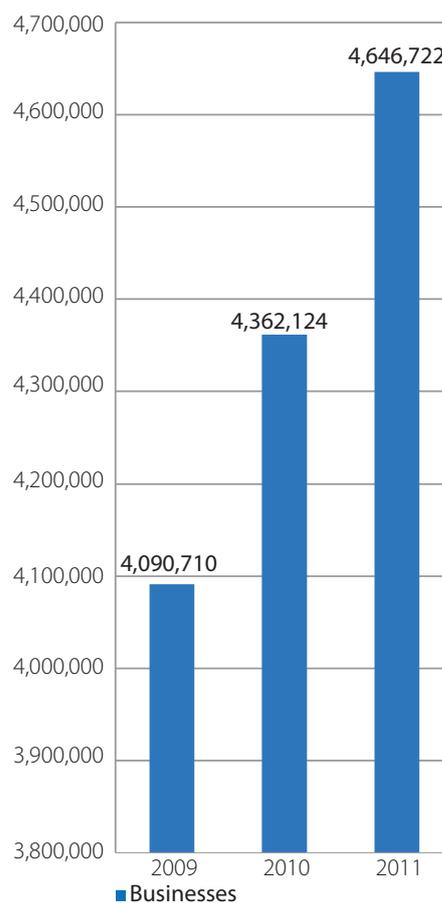


REGISTRATION OF BUSINESSES IN 2011

Registration of new businesses in 2011 increased by 4.8% to 284,598 year-on-year, which is second highest in ten years (2002-2011) since the inception of SSM in 2002. The achievement can be attributed to the relentless outreach programmes carried out throughout the year to promote and facilitate new registrations.

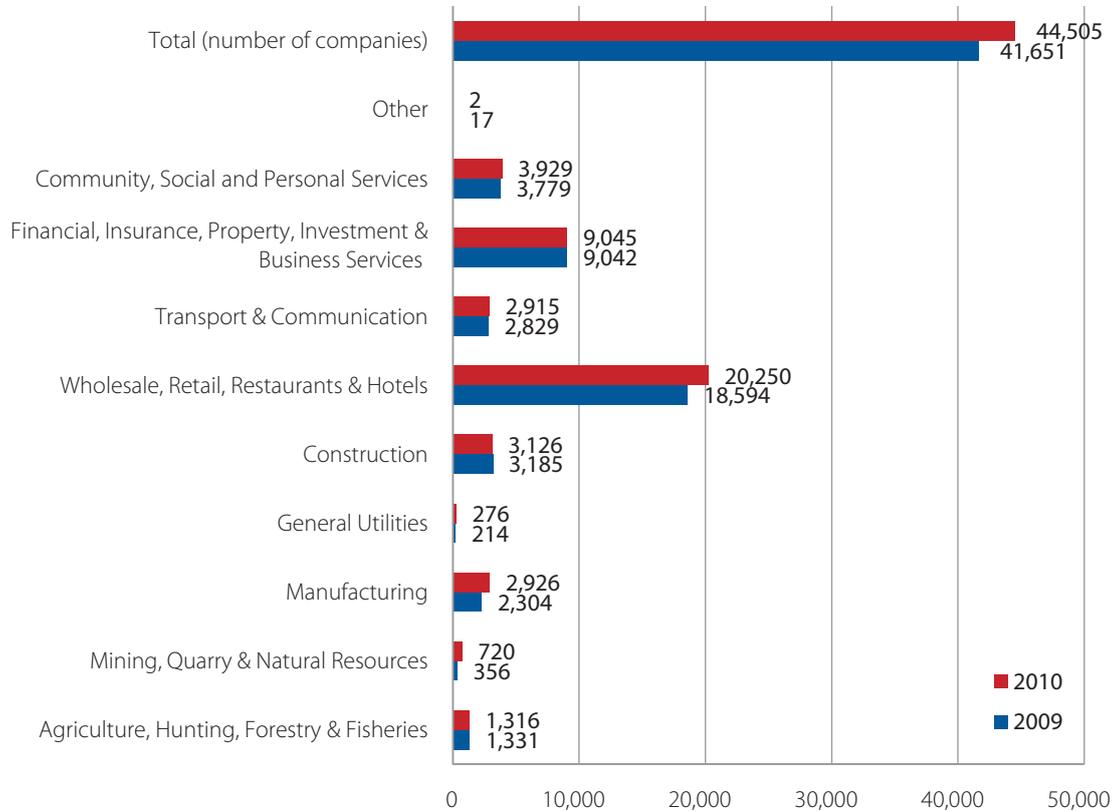
Apart from the SSM's signature Business Registration Mobile Counter (BRMC) services, the expansion of the BRMC services into other areas, such as the opening of Business Registration Circuit Counters (BRCC) at local municipal offices to facilitate business registrations along with the issuance of trading by the local councils, and Business Registration Service Counters (BRSC) at strategic locations in the city, have all contributed greatly to this success.

Businesses Registered as at 31 December 2011

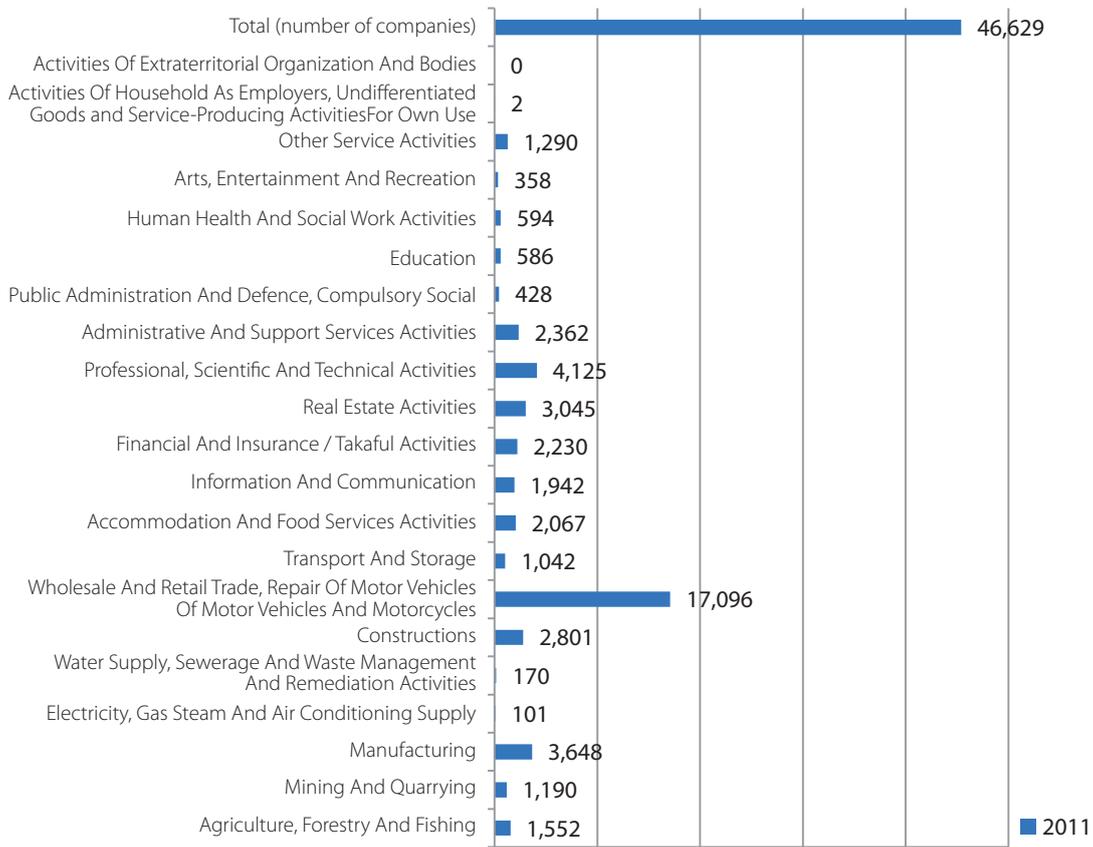


SECTORAL ANALYSIS

Companies Registered According to Category of Business for 2009 and 2010



Companies Registered According to Business Category based on Malaysia Standard Industrial Classification 2008 (MSIC 2008) for 2011



Note: A company may carry on more than one category of business activity

Effective 1 September 2010, SSM has moved to adopt the Malaysia Standard Industrial Classification 2008 or better known as MSIC 2008 that is being implemented by the Malaysian Department of Statistics (DOS) since 2008. This conforms closely to the latest International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4 that was published by the United Nations. The initiative to adopt the MSIC 2008 will enable international comparisons and analysis to be done on data collected by SSM. The categorisation of business sectors based on the MSIC 2008 is as reflected in the table on the previous page.

SERVICES SECTOR

The services sector has continued to record the highest number of companies registered by SSM in 2011. The total number was up by 39.5% to 28,256 from 20,250 registrations in the previous year. Most of the new registrations were in the wholesale and retail, repair of motor vehicles of motor vehicles and motorcycles sub-sector (60.5%), followed by real estate activities (10.8%), and financial and insurance/ takaful activities (7.9%).

The services sector for 2011 comprised education (586); real estate activities (3,045); financial and insurance/ takaful activities (2,230); information and communication (1,942); accommodation and food services activities (2,067); wholesale and retail trade, repair of motor vehicles of motor vehicles and motorcycles (17,096); and other service activities (1,290).

The services sector has become the main contributor to Malaysia's economic growth, contributing 58% to the nation's GDP in 2011. Apart from robust domestic demand, the upsurge in foreign direct investments into the country has also contributed to the remarkable increase. Malaysia attracted a record RM32.9 billion in FDI in 2011, an increase of 12.3% compared to 2010.

With the liberalisation measures undertaken by the Government to open up many more key services sub-sectors, allowing increased foreign ownership and in many cases even up to 100% foreign equity, the services sector is expected to register exponential growth in the next and coming years.

AGRICULTURAL SECTOR

The agricultural sector continued to record strong growth in 2011 as evidenced by a 17.9% rise in new registrations. A total of 1,552 new companies were incorporated during the financial year compared to 1,316 last year. The sector continued to benefit from higher global commodity prices as supply of agricultural produce had been adversely affected by natural disasters in many producing countries and also lower production

capacity due to climate change. Apart from palm oil and rubber, the number of entrepreneurs involved in agricultural activities continued to grow in view of the rising demand, especially in production of food crops such as livestock, fish and fruits. Further growth can be expected in the coming years in tandem with the increasingly higher global demand, and concerted efforts to be undertaken by the Government in expanding the agricultural sector as outlined in the 10th Malaysia Plan which has identified agriculture as one of the key sources of growth for the nation.

MANUFACTURING SECTOR

The number of new companies incorporated in the manufacturing sector was up by 24.7% to 3,648 companies from 2,926 in the previous year. Apart from the growth in export-oriented industries and resource-based domestic oriented industries, the surge in foreign direct investments (FDI) in the manufacturing sector has greatly contributed to the significant increase in new registrations. The sector accounted for 50.1% of the total FDI inflows of RM 32.9 billion in 2011, with the Northern Corridor Economic Region recording the largest number of investments in projects with RM15.3 billion of approved manufacturing licenses, followed by Sarawak Corridor of Renewable Energy (RM8.2 billion) and Iskandar Malaysia (RM5.7 billion).

MINING SECTOR

In 2011, a total of 1,190 companies were registered in the mining sector. This represents an increase of 65.3% over last year. The surge in the number of companies involved in mining activity is mainly due to increased investment in the natural gas subsector on account of higher demand from the domestic petrochemical industries and higher exports to China, Japan, Korea and India. The oil and gas sector accounted for some 20% of the nation's GDP in 2011 and this is expected to increase significantly in the future as huge investments are expected in the oil and gas sector in the coming years.

CONSTRUCTION SECTOR

A total of 2,801 companies were incorporated in the construction sector in 2011. This was 10.4% lower than in the previous year. Most of the companies incorporated were involved in the construction of residential properties due to strong demand supported by accommodative financing and stable labour market conditions.

Apart from the ongoing major infrastructure projects such as the Second Penang Bridge and the new low-cost terminal (KLIA2), the implementation of other infrastructure projects under the Government

Transformation Programme (GTP) in key areas, called the National Key Result Areas (NKRA), and the launching of investment projects in the five regional development corridors, namely Iskandar Malaysia, East Coast Economic Region, Northern Corridor Economic Region, Sabah Development Corridor and Sarawak Corridor of Renewable Energy, have also resulted in more registrations in the construction sector. Many of the new registrations were subsidiary companies being set up by existing construction companies to undertake the new projects.

COMPLIANCE RATE

In 2011 SSM achieved yet another record compliance rate of 90.4% since the implementation of Practice Note 1 in 2008 (PN1) which requires submission of annual returns by non-exempt private companies to be accompanied by copies of their audited accounts in compliance with section 165 of the Company Act 1965.

The latest results almost equal the highest compliance rate of 91% achieved in 2007 before the implementation of the PN1. This remarkable performance is a testament to SSM’s success in its balanced enforcement approach and educational programmes in heightening awareness among company directors to discharge their duties and responsibilities in accordance with the law.

Apart from discharging its role as an efficient corporate regulator, the higher compliance rate achieved in full compliance with section 165 will further strengthen SSM’s corporate profile among the business community as a trusted centre for useful and reliable corporate and business information.

Compliance Rate



INTEREST SCHEMES

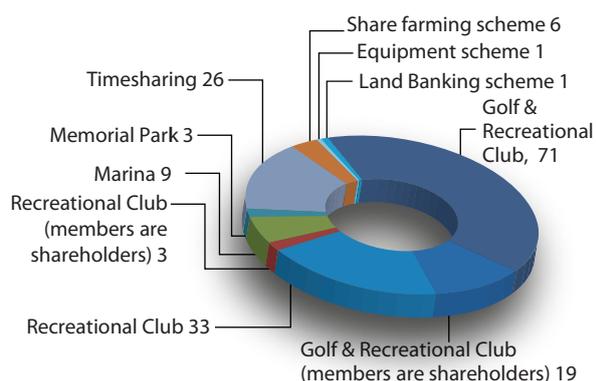
The number of interest schemes registered in 2011 increased to 172 as at 31 December 2011. Of the total, 73% consisted of golf and recreational club schemes, followed by time-sharing schemes (15%). The trend to invest in interest schemes has been on the rise for the past twenty years. The breakdown of the current interest schemes which are registered with SSM are as follows:

The Categories and Value of Interest Scheme Registered in 2011

NO.	CATEGORY	VALUE (RM)
1.	Sharefarming Scheme	12.5 million
		16 million
		224 million
		213.3 million
		260 million
		29.4 million
2.	Land Banking Scheme	50.4 million
3.	Equipment Scheme	110 million
4.	Memorial Park	429.9 million
		94.4 million
5.	Golf & Recreational Club And Marina Clubs	6,414.4 million
6.	Time Sharing Scheme	2,354.87 million
TOTAL		RM 10,209.17 million

The trend reflects the immense business and investment opportunities that the interest scheme industry could offer to up-scale small investors in various sectors of the economy, especially the agricultural sector. The activities offered in sharefarming schemes include rearing of cat fish, tilapia, arowana, crabs, swiftlet, livestock and palm oil. The growth in interest schemes in the agricultural sector is in line with the Government’s initiative of making the sector one of the main drivers of the economy by improving human capital productivity within rural agriculture and agro-based industries.

The total value of 172 interest schemes registered with SSM stood at RM10.2 billion. SSM has played a vital role in ensuring the success of the proposed schemes by providing guidance to the operator companies on the process and procedures to be observed.

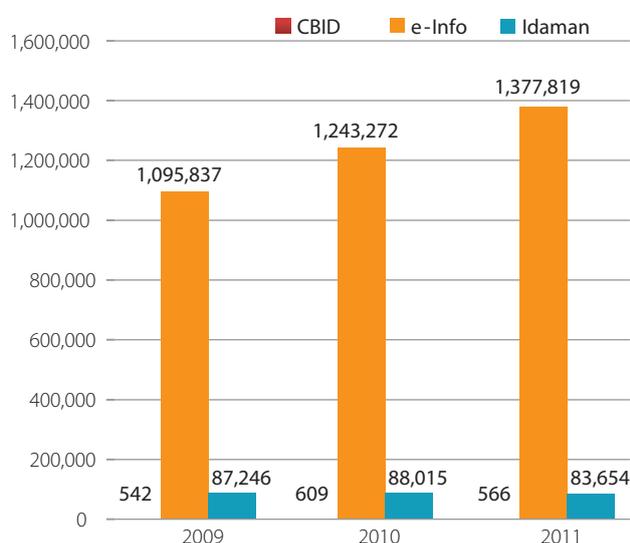


More registrations will be expected in the coming years as SSM will continue with its relentless promotional efforts nationwide.

During the year, a total of 11 awareness programmes were held across the country via seminars, talks and road shows.

DELIVERY OF CORPORATE INFORMATION

The supply of corporate information from Corporate & Business Information Data (CBID), e-Info and Idaman for 2011 increased 9.8% to 1,462,039 compared to 1,331,896 in 2010.



As a result of the higher compliance rate and timely submission of all other statutory documents as well as continuing improvements in SSM overall service delivery system, the quality of the data provided to the business community has been enhanced substantially in terms of usefulness, timeliness and accuracy.

Revenue from supply of corporate and business information is expected to rise significantly in the future

as demand for such services will continue to grow from year to year in view of the expected increase in business activities in tandem with the nation's target of achieving economic growth of between 5% to 6% per year from 2012 until 2020.

WINDING UP AND STRIKING-OFF OF COMPANIES

A total of 1,653 companies were liquidated in 2011 compared to 1,487 last year. This represents an increase of 10% amid the challenging global economic environment. Of the total, 95% were in respect of voluntary liquidation by members, while the rest was due to liquidation by the Court on account of insolvency.

The number of companies struck-off by SSM under section 308 of the Companies Act 1965 increased by 443% to 130,823 from 24,098 in the previous year. The dramatic increase is due to the concerted effort undertaken to rid SSM's register of dormant companies so that the register will only contain active companies which have a bearing on economic growth. In this way the figures provided by SSM will be more useful and relevant as the data on active companies are needed by users for making informed business and investments decisions. Additionally, the exercise has resulted in a more meaningful determination of compliance rate as only active companies are included in the measurement.

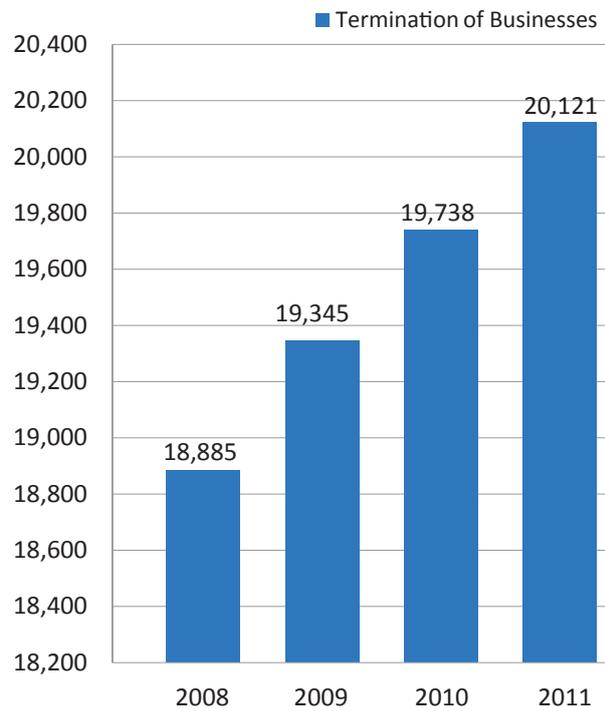
YEAR	2008	2009	2010	2011
Companies wound up	1,450	2,013	1,487	1,653
Companies struck off (S. 308)	26,542	37,062	24,098	130,823

TERMINATION OF BUSINESS

The number of businesses terminated in 2011 increased marginally by 1.9% to 20,121 compared 19,738 in the previous year. The number is substantially less than the total new registrations of 284,598 recorded in the same year.

SSM's statistical shows that the average number of businesses terminated per year for the last three years (2009–2011) was 19,735, but over the same period, the average number of new registration per year was 289,531.

Termination of Businesses



The low number of business terminations recorded in the past years can be attributed to the nation's healthy economic growth supported by strong domestic demand due to expansion in consumer spending amid robust labour market conditions and high commodity prices, which have helped to sustain the operations of the small businesses.



MANAGEMENT REPORT

REPORT ON PUBLIC SERVICE DELIVERY SYSTEM

MANAGEMENT REPORT

1. REPORT ON PUBLIC SERVICE DELIVERY SYSTEM

SSM is committed to further improve Malaysia's ranking in the "starting a business" indicator under the World Bank doing business survey report. With this in mind, in the past year we have taken steps to streamline our existing processes and introduce new measures to provide better services to the business community. Developments and improvements in services were achieved through regular stakeholder engagements. In fact, several of the measures undertaken resulted from the feedback received during our engagement sessions with stakeholders in the past years.

IMPLEMENTATION OF MYCOID GATEWAY SYSTEM

With effect from 6 February 2011, businesses began using the Malaysia Corporate Identity System (MyCoID) Gateway System developed in 2010 to incorporate new companies online. Currently the services offered by the MyCoID system are MyCoID User Registration, the Search Function, Incorporation of Company, Submission of Post Incorporation Forms and Payment. With MyCoID, apart from incorporating companies electronically, the general public also benefits from the simultaneous registration with five (5) other agencies, namely the Inland Revenue Board of Malaysia (IRBM), Employees Provident Fund (EPF), Social Security Organisation (SOCSO) Human Resource Development Fund (HRDF) and Small and Medium Enterprise Corporation of Malaysia (SMECorp).

Effective 6 June 2011, the first three post-incorporation documents, namely Forms 24, 44 and 49 may be lodged through MyCoID. Various initiatives and campaigns have been carried out to create awareness and promote the usage of MyCoID among the public especially company secretaries. As part of the promotion exercise, registration fees for access to the MyCoID system had been exempted until 31 December 2011.

CLIENT CHARTER ACHIEVEMENT

Over the year, SSM has strived to deliver efficient services to the business community by achieving almost 100% of the targets set out in the Business Client Charter and the Company Client Charter. The table below shows SSM's Client Charter Performance for 2011.

Registration of Business Client Charter Achievement for 2011

Businesses	Client Charter	Percentage
New Business Registration	1 Hour*	97.21
Changes in Business Particulars	1 Hour*	97.55
Termination of Business Registration	15 Min*	96.23
Renewal of Business Registration	15 Min*	99.54

Registration of Business (ROB) Client Charters showed good performance in 2011 with an average achievement of 97.6%, while Registration of Companies (ROC) Client Charters achieved an average of 99.6%.

Registration of Companies Client Charters Achievement for 2011

Companies	Client Charter	Percentage
Incorporation of a new company	1 Day*	100
Approval of a name	1 Day*	97.80
Certificate of commencement of business	1 Day*	100
Change of a company name	1 Day*	99.99
Charges	2 Days*	100
Conversion of company status	1 Day*	100

* Length of time stated in the Client Charter is calculated from the time the document is pre-lodged and payment is received at the counter to the time the certificate is issued.

The performance of the Client Charter in 2011 against its set target has been outstanding and SSM will continue with its effort to serve the business community with rapid and efficient services.

THE SSM E-LODGE MENT SERVICE

Public response to the use of the e-Lodgement service has shown continuous improvement since its introduction as an online service four (4) years ago. The system has seen consistent upgrading to ensure that the online service is faster and more user friendly compared to the "over the counter" services.

Company e-Lodgement Transaction

Company E-Lodgement Transaction	2011	2010	2009
Request for availability of name	23,910	19,277	11,144
Application for incorporation of local companies	1,283	1,440	1,384
Submission of form 24, 44 and 49 after incorporation	681	766	656
Annual Return & Certificate of Exempt Private Company	121	204	170
Annual Return & Account	1,544	1,654	1,340
Form 44 (Notice of Situation of Registered Office and of Office Hours and Particulars of Changes)	723	1,138	555
Form 53 (Notice of Place Where Register of Members and Index Kept, or of Change in That Place)	25	19	28
Form 24 (Return of Allotment of Shares)	221	266	247
Form 11 (Notice of Resolution)	251	254	214
Form 49 (Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes of Particulars)	1,629	1,727	1,339
Form 48B (Application for Company Secretary's Licence)	4	2	2
Form 48C (Application for Renewal of Company Secretary's Licence)	50	54	30
Total Transactions	30,442	26,801	17,409

Business e-Lodgement Transaction

Business E-Lodgement Transaction	2011	2010	2009
Name search	51,567	59,147	59,489
New Business Registration	30,020	31,100	34,025
Business Renewal	15,580	7,268	7,106
Registration of Changes in Registered Particulars	6,060	6,442	14,800
Termination	2,193	2,240	2,016
Total Transactions	105,420	106,197	117,436

The total number of e-Lodgement transactions for companies increased by 13.58% compared to the previous year. Application for Company Name Search was the most popular e-Lodgement service which saw an increase of 24% compared to last year.

The total number of e-Lodgement transactions for businesses in 2011 declined marginally by 0.7% over the previous year. Registration of new businesses remains the highest number of transactions for the business registration e-Lodgement service but all the transactions for businesses showed a decline except for renewal of business registration which was up by a whopping 114% compared to 2010.

COUNTER SERVICES

Although lodgement of statutory documents can be carried out electronically, SSM continues to provide

counter services for the customers as many still choose to lodge their statutory documents via the SSM counter. Counter services recorded an increase of 24.1% for payable documents and 21.2% for non-payable documents compared to last year.

a) Collection of payable documents for companies

Transaction	2011	2010
Payable documents	463,515	373,631
Non-payable documents	365,092	301,314

Likewise, the provision of information for both business and companies via counters also recorded a significant increase of 7.85% in 2011 compared to year 2010.

Business Information Transactions

Transaction	2011	2010
TOTAL	15,335,601	14,219,044

THE E-INFO SERVICES

The take-up for SSM's e-Info system for the provision of business and corporate information has seen a gradual increase of 5.6% in total e-Info transactions compared to 2010. The take-up rate for direct online purchases constitutes 75.3% of total transactions compared to 24.7% for e-Info kiosk transactions.

Visits to this website from International customers have increased by 27.3% over the year. Apart from an indication of heightened awareness of SSM's products among the business community, it also shows the increasing confidence of foreign users in the reliability and timeliness of the data provided. The table below shows the figures on e-Info transactions:

Statistics of visits to e-Info website

COUNTRIES	2011	2010
Singapore	23,571	25,812
Hong Kong	10,185	5,965
United Kingdom	5,482	4,441
United States	6,231	4,969
Australia	2,740	4,240
India	6,385	3,761
Japan	1,222	2,033
China	2,365	2,507
Philippines	1,723	625
Others	14,837	4,377
TOTAL	74,741	58,730

BUSINESS REGISTRATION MOBILE COUNTERS (BRMC)

The Business Registration Mobile Counter (BRMC) has emerged as an integral component of SSM's service delivery system since its launch in September 2005. Besides providing registration services, the counters also function as an effective channel for inculcation of awareness among the business community on the

e-Info Service (yearly transactions)

2011		2010	
Transaction	Revenue	Transaction	Revenue
1,377,819	18,528,146	1,243,272	16,632,475

e-Info Service (take-up rate)

Year	Online	Take-Up Rate %	Kiosk	Take-Up Rate %	Total Transactions	Total Revenue (RM)
2011	988,771	75.28	324,705	24.72	1,313,476	18,528,146
2010	992,977	79.76	250,295	20.24	1,243,272	16,632,475

BRMC activities by various states in 2011

States	Frequency	New Business Registration	Changes In Particular	Business Renewals	Revenue (RM)
Kuala Lumpur	804	10,647	5,684	18,708	2,904,610
Labuan	12	16	0	78	4,375
Perlis	30	88	13	80	9,135
Terengganu	96	834	513	2,613	259,365
Melaka	109	751	373	1,361	201,012
Pahang	155	1,377	820	3,001	410,680
N. Sembilan	133	857	590	3,172	329,925
Kedah	444	5,907	2,854	14,992	1,756,845
Kelantan	105	1,069	459	2,674	268,250
Perak	119	3,142	1,657	8,136	921,685
Penang	140	3,635	1,956	9,391	1,084,890
Selangor	124	1,404	537	2,149	307,495
Johor	173	2,853	1,978	8,464	1,314,140
TOTAL	2,444	32,580	17,434	74,819	9,772,407

requirements of the Registration of Businesses Act 1956. The BRMC programme is a resounding success for SSM bringing in total revenue of RM 9,772,407 in 2011, an increase of 18.5% compared to 2010.

Apart from intensifying BRMC activities nationwide at strategic locations such as smaller towns and rural areas, SSM continues to provide Business Registration Circuit Counters services at local municipal offices to facilitate both the registration and renewal of business registrations for those intending to obtain trading licences and permits from the local municipal councils. This has enabled registration/renewal of business registration and issuance of permits can be carried out concurrently under one roof.

ACCESS OF BUSINESS REGISTRATION FORMS THROUGH SSM WEBSITES

In a move to further facilitate registration of new businesses, with effect from 16 April 2011, the public are allowed to download Business Registration Forms from the SSM website for new registration at any of the SSM offices in Peninsular Malaysia.

CORPORATE APPLICATIONS

The total number of corporate applications in 2011 declined by 8.6% compared to last year. Application for extension of time fell sharply by 34%. This shows that more and more companies complied with section 143 and 169 of the Companies Act 1965 without having to apply for extension of time due to the aggressive awareness programme carried out throughout the year. The lodgement of prospectuses and abridged prospectuses under section 36A(4) of the Companies Act 1965 surged by 173%, indicating a large increase in

business activity involving public companies, especially those related to fund raising in the capital market. The number of corporate applications is shown in table below.

RE-INTRODUCTION OF MORATORIUM PERIOD FOR STRIKING-OFF OF DORMANT COMPANIES

In a move to further assist company shareholders and directors to dissolve their dormant or inactive companies, the moratorium period for the striking off of dormant companies was reintroduced on 3 March 2011 and the requirements for strike-off were further relaxed. During the moratorium period from 3 March to 30 June 2011, applicants were no longer required to submit the shareholders' resolution and management account as a pre-requisite for the striking off application. In addition, all compounds issued by SSM on companies during the moratorium period were waived.

Additionally on 4 April 2011, SSM issued a new guideline entitled "Guidelines for the Application to Strike-off a Name of a Defunct Company under Section 308(1) of the Companies Act 1965 during Moratorium Period". The new guideline is useful for the applicants as it contains all the requirements that need to be fulfilled before applying to the Registrar to strike off a dormant company under section 308(1) Companies Act 1965.

Apart from the re-introduction of the moratorium period, SSM continued to strike off inactive and dormant companies through its enforcement initiatives and the usual applications for strike-off. A total of 129,019 dormant companies were struck off the register in 2011, while 15,686 applications were received and processed during the moratorium period.

Total Number Corporate Applications According To Type

No.	Type Of Applications	Number Of Applications		
		2011	2010	2009
1.	Application for extension of time	686	1,039	709
2.	Application for appointment of proxy	8	21	25
3.	Application for relief from requirements to the content of the financial statement	172	179	220
4.	Application for waiver from lodging the foreign branch accounts in Malaysia	55	44	32
5.	Lodgement of initial public offerings, abridged prospectuses and other documents under section 36A(4) Companies Act 1965	443	162	77
6.	Quarterly Report by directors of the borrowing corporation	238	303	393
TOTAL		1,602	1,748	1,456

MANAGEMENT OF ASSETS OF DISSOLVED COMPANIES

When a company is dissolved either by its way of a winding up or through a striking off process, its legal existence comes to an end. A dissolved company is no longer competent to deal with any transaction or matter on its own.

In the case where a dissolved company has an incomplete dealing, transaction or matter prior to its dissolution, an application can be made to the Registrar under section 309 of the Companies Act 1965 to request the Registrar to act as the representative of the dissolved company for the purpose of completing the incomplete transaction.

In the year 2011, SSM received 15 applications under section 309 compared to 7 applications in 2010. The increase is attributed to the awareness programmes conducted by SSM through meetings and briefings with stakeholders and government departments and agencies.

OTHER PRODUCTS

Apart from providing registration services and supply of corporate and business information, SSM developed other products and services, such as the business and company commemorative certificates, direct purchase of data on business and companies' information via system integration, tender of company numbers and registration of companies and businesses for specific dates. All these products and services received overwhelming response from our customers with a total revenue of RM 2,174,744 generated in 2011, an increase of 75.5% from RM1,239,242 last year.

Due to the positive response from the business community for registering their companies and businesses on dates which they deem significant and auspicious, SSM continued to carry out special programmes to facilitate registration on these 'special dates: 1st January 2011 (1.1.11), 11th January 2011 (11.1.11), 1st November 2011 (1.11.11), 11th November 2011 (11.11.11) and 20th November 2011 (20.11.2011).

NEW INITIATIVES

Various new initiatives were developed to meet the needs of the business community and the general public. In 2011 the following initiatives were successfully implemented:

(a) Strategic Partnership and Collaboration

Strategic partnership and collaboration between SSM with Bank Simpanan Nasional (BSN) and Telekom Malaysia Berhad (TM) to facilitate the business community. The collaboration agreement was signed with BSN and TM on 12th July 2011. Details of the collaboration are as follows:

- i) The collaboration with TM was for the provision of telephone and internet subscription package of 'office in a box' product to the public who incorporate their company or register their business at SSM. This package offers a comprehensive communication solution at a reasonable price, particularly to those managing small offices and home offices as well as for SMEs.
- ii) Appointment of Bank Simpanan Nasional as an agent for SSM for Renewal of Business Registrations at all BSN counters throughout Malaysia.

(b) Direct Purchase of Data and Information of Businesses And Companies Through System Integration.

This initiative is another measure that accommodates SSM's corporate clients with an effective and convenient delivery of data and an information on businesses and companies. The service is based on an electronic platform that involves system integration for periodic purchase of businesses and companies information. The service also offers service efficiency and maximization of cost effectiveness that amplifies competitiveness.

(c) Online Application for Corporate and Business Information Data (e-CBID)

The e-CBID project was completed in 2011. Application can be made through SSM's new website using online application forms. e-CBID also serves as an electronic directory information sale for companies and business.

ENQUIRIES AND COMPLAINTS MANAGEMENT

SSM's Customer Service Unit (CSU) has been receiving and handling customers feedback which comes in various forms namely enquiries, suggestions or complaints in relation to product quality, service delivery, procedures or payment matters, or it could be complaints against companies and business owners.

An increase of 11.3% was registered in number of enquiries through the SSM's hotline; 37,599 calls were attended to in 2011 compared to 33,787 in 2010. Similarly there was 73.2% increase in enquiries through email from 3,090 in 2010 to 5,351 in 2011.

Item	2011	2010	2009
Information Counter	18,787	53,307	135,943
Hotline (Call Centre)	37,599	33,787	34,675
Email Enquiries	5,351	3,090	2,998
e-Aduan	960	310	255
Total	62,697	90,509	173,875

SSM has been gaining increasing recognition as an agency that serves as a point of reference for enquiries, complaints and assistance requested by international traders doing business with local companies or businesses. In 2011, SSM received a total of 34 such queries or complaints from traders of numerous countries in Asia, Europe, Africa, Central America and countries of the Pacific Rim.

SSM has been taking a facilitative role in educating, informing and offering alternative solutions to the affected traders and where appropriate has set on course the relevant enforcement action to deal with incidences of breach within the purview of SSM.

2. REPORT ON ENFORCEMENT INITIATIVES AND REGULATORY REFORM

COMPLIANCE RATE

During the year under review, SSM continued to pursue its enforcement initiatives together with a proactive approach in instilling awareness through a robust stakeholders' engagement and educational programmes.

SSM is dedicated in playing its role in ensuring good corporate governance and compliance by taking swift and effective enforcement action against those who commit various corporate crimes as well as providing education and training to promote voluntary compliance. As a result of the measures undertaken by SSM there has been an increase in the compliance rate as reported in this Annual Report.

As a result of our continuous prosecution actions in the past years, aggressive awareness and educational programmes, the number of reports received on non-compliance with Companies Act 1965 and Registration of Business Act 1956 has increased dramatically in 2011 compared to last year.

Apart from high profile enforcement action, we have continued to achieve resounding success in the courts by convicting many errant directors and other officers of a company for breaches of serious corporate governance offences. These include section 132 for breach of fiduciary duties, section 125 for acting as a director while still an undischarged bankrupt, section 364 for making false and misleading statements in documents, and section 366 for fraudulently inducing others to invest money.

COMPLAINTS MANAGEMENT

COMPLAINTS ON BREACHES OF CORPORATE LAWS

The number of complaints received on breaches of the laws has increased dramatically by 29.7%, from 1,604 in the previous year to 2,081 in 2011. The number of complaints resolved has risen by 14.9% over the same period as depicted in the table below:

Complaints Received and Resolved (2009-2011)

Complaints Received			
Year	2011	2010	2009
Company	1,550	1,260	762
Business	531	344	287
Total	2,081	1,604	1,049

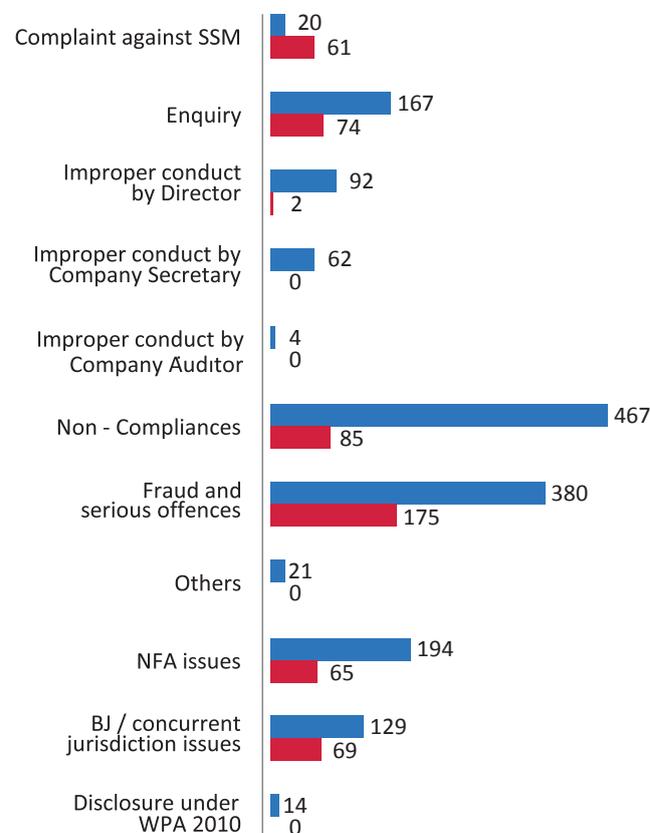
Complaints Resolved			
Year	2011	2010	2009
Company	1,356	1,239	702
Business	445	328	269
Total	1,801	1,567	971

The chart below shows the breakdown of complaints received.

Types of Complaints Received in 2011 (Top three)

No.	Complaint Issues	Total Complaints
1	Non-compliance	552
2	Lodgement of false / misleading particulars	212
3	Unregistered / illegal investment schemes	207

■ Syarikat
■ Perniagaan



Top 3 Categories of complaint for year 2011



Other than the routine non-compliance offences which comprised predominantly non submission of statutory return; non-tabling of accounts and non-holding of the Annual General Meetings, the other top two categories of complaints received in 2011 lodgment of false and misleading particulars (212 complaints) and illegal investment schemes (207 complaints).

SSM'S COMPLEMENTARY ROLE IN THE IMPLEMENTATION OF THE WHISTLEBLOWER PROTECTION ACT 2010

SSM was appointed as one of the 7 pioneering agencies to drive the implementation of the Whistleblower Protection Act 2010 which came into force on 15 December 2010.

In 2011, a total of 14 reports pursuant to the Whistleblower Protection Act 2010 (WPA) were recorded by SSM. As 2011 was the first year that the WPA was implemented, the small number of reports received is attributed to the fact that the general public may not be fully aware of the availability of the protection mechanism under the WPA.

COMPLIANCE AND SURVEILLANCE ACTIVITIES

DATABASE & PHYSICAL INSPECTION

In 2011, a total of 568,308 companies and 526,515 businesses were inspected to ensure their compliance with the basic requirements of the Companies Act 1965 and Registration of Businesses Act 1956.

Of the total inspections conducted 1,022,961 or 93.4% were database inspections which involved the screening of corporate and business information stored in SSM's database.

Pursuant to the database inspections carried out, SSM has taken the following actions:

- 1,199,616 annual reminders were sent to 335,872 companies and company directors to hold their respective Annual General Meetings before the due date and to table audited accounts during such meetings pursuant to the requirements of section 143(1) and 169(1) of Companies Act 1965.
- 35 notices in relation to section 125 of Companies Act 1965 were sent to company directors who continued to act as directors after being declared bankrupt.
- 85 reminder notices were sent to company directors and secretaries who failed to furnish Statement of Affairs and Accounts to their respective receivers pursuant to section 234 of Companies Act 1965.
- 1,421 notices in relation to section 7(11)(a) of Companies Act 1965 were sent to 815 companies and its officers to request for the status of charges pursuant to section 113 of Companies Act 1965.

In 2011 physical inspection were conducted nationwide based on market segment with the focus being on companies and businesses operating car wash, car park, petrol station, money changer, tuition centers, entertainment centers, night stall, school canteen and shopping complexes.

A total of 71,862 companies and businesses were inspected to ensure compliance to the relevant provisions under the Act administered by SSM particularly Section 121(3) of Companies Act 1965 and Rule 13A(2) of Registration of Businesses Rules 1957 (Registration Of Businesses Act 1957) with regard to the display of company name and registration number at business premises and Section 12(1)(a) and 12(2) of Registration Of Businesses Act 1956 with regard to offences relating to the registration of business and the display of certificate of registration at business premises.

MONITORING OF MEDIA & WEB-BASED BUSINESS ACTIVITIES

In year 2011, SSM monitored 1,679 websites involving 1,570 companies and businesses that have been registered for the purpose of internet marketing. The inspections revealed that 1,444 or 92% of companies and businesses are complying with the provision under

Companies Act 1965 and Registration of Businesses Act 1956.

SSM is also committed to ensure that other companies and businesses which have publicized or advertised their activities in local media are valid, genuine and operate in accordance with the law.

In 2011, a total of 1,601 companies and businesses which are registered have been inspected through local media. The inspections revealed that 846 or 53% companies and businesses are complying with the provisions of Companies Act 1965 and Registration of Businesses Act 1956.

The following offences were found to have been committed as a result of the inspection carried out:

Type Of Offences	No. Of Companies/ Businesses			
	Websites		Local Media	
	2011	2010	2011	2010
Offences under Division 5 Part IV of Companies Act 1965 for offering interest under section 84 of Companies Act 1965	30	52	5	76
Offences under Kootu Fund (Prohibition) Act 1971	2	10	2	1
Offences involving public interest issues (e.g : Direct selling, Illegal deposit taking, etc)	2	19	4	8
Common offences under Companies Act 1965 & Registration of Businesses Act 1956 i.e failure to lodge hold AGM, table the audited accounts in AGM and lodge Annual Return to the Registrar	913	477	366	523
Offences under section 12(1)(a) and 12(a)(b) relating to the failure to register businesses and to renew business under section 5 and 5A of Registration of Businesses Act 1956	584	-	356	-
Total	1,531	558	733	608

Based on the findings, cases relating offences under the Acts administered by SSM were forwarded for criminal or administrative action whereas cases relating to other offences were referred to the relevant agencies. Reports on findings and enforcement actions taken by SSM with regard to offences identified through the web-based business activities were reported to the National Security Council on a monthly basis.

SURVEILLANCE OF INTEREST SCHEMES

As at 31 December 2011, 172 interest schemes have been registered with SSM. The types of scheme are shown in the table below:

Types of Registered Interest Schemes

Categories	No. Of Schemes
Golf & Recreation Clubs	90
Share Farming Scheme	6
Marina	9
Recreational Clubs	36
Time sharing	26
Memorial Park	3
ICT Equipment Rental	1
Land Banking Scheme	1
Total	172

In view of the immense popularity of interest schemes as a wealth generator, SSM continued its surveillance activities on registered and unregistered interest schemes under the provision of Division 5 Part IV of Companies Act 1965 to ensure that public interests are protected.

The scope of surveillance is to protect the general public and interest holders as well as ensure data integrity by performing gradual inspections and checks on registered schemes.

In 2011, 34 registered schemes were inspected compared to 31 in year 2010 as shown in the table below:

Type Of Schemes	2011	2010	2009
Golf & Recreational Clubs	12	8	7
Recreational Clubs	8	9	8
Timesharing	10	9	3
Marina	0	2	5
Share Farming	3	1	0
Memorial Park	1	2	0
Total	34	31	23

Pursuant to the inspections carried out, notices of compounds were issued for the following offences by scheme operators:

Offences (Ca1965)	No. Of Cases
Section 93(1) Failure to lodge to the Registrar a Statement of Interest (Form 32) Within 2 Months After the Financial Year End	2
Section 94(1)(b) Failure to comply with a covenant contained in a trust deed	3
Section 143(1) Failure to hold AGM	10
Section 165(4) Failure to lodge Annual Return to Registrar	13
Section 169(1) Failure to table profit and loss account in Annual General Meeting within 6 months after the financial year end	10

SSM found Arowana schemes to be the most dominant in the fast growing horticulture industry especially those located in Bukit Merah, Perak with approximately 60 arowana scheme operators. SSM is collaborating with the Ministry of Agriculture and Agro-based Industry Malaysia (MOA) and the relevant authorities in Perak to ensure that all the schemes offered are registered with SSM.

The collaboration with MOA also involved other schemes related to agriculture, horticulture and aquaculture industry such as swiflet breedings, stevia plantation, catfish breeding and other potential agro-based industries. Detailed statistics of the surveillance on unregistered interest schemes as at 31 December 2011 are as follows:

Types Of Scheme	No. Of Cases 2011	No. Of Cases 2010	No. Of Cases 2009
Livestock	80	90	28
Business Management	-	2	7
Share farming	12	11	21
Land Banking	6	8	2
Rent-back Scheme	1	4	5
Membership	1	-	9
Fitness Club	-	-	5
Multilevel Marketing	2	5	11
Retirement Scheme	-	-	4
Cemetery Plot & Urn Compartment	18	-	-
Others	20	31	28
Total	140	151	120

Through continuous monitoring and surveillance activities carried out in the year 2011, 12 companies and businesses were referred for further investigation for offering suspicious schemes to the public: 9 cases were referred to the Legal Services Department for advice on the requirement of Division 5 Part IV of Companies Act 1965, 1 company and its directors were compounded under section 94(1) of Companies Act 1965, 3 cases which were not under SSM's purview were referred to the relevant agencies, while others are still being monitored.

SURVEILLANCE ON KOOTU FUND

In 2011 SSM continued its surveillance on activities promoting the prohibited kootu funds under the Kootu Funds (Prohibited) Act 1971. Due to proactive actions taken in 2010, the number of kootu funds activities identified has decreased enormously. As at 31 December 2011, only 4 schemes were identified compared to 29 schemes in 2010. Of the 4 schemes, 3 were found to be closed and 1 scheme was referred to MDTCC under the Direct Sales Act 1993.

SURVEILLANCE ON AUDITORS

In 2011, SSM continued with auditors oversight function by inspecting a total of 191 auditors to assess and evaluate the level of competencies, professionalism and independence in carrying out their duties.

The assessment was conducted through a risk-based approach by focusing on a group of auditors / audit firms with high risk as stated below:

- a) Auditors aged more than 70 years and still in active practice with more than 200 clients.
- b) Small size audit firm with more than 500 clients having the same financial year end.
- c) Auditors who are involved in companies and businesses providing non-audit services.

SSM also performed preliminary inspection on the capacity and accountability of the liquidator in carrying out their responsibilities and duties through lodgment of Form 65 in 2006 until 2010, i.e. 76 approved liquidators have been identified to undergo physical inspection.

The scope of inspection focused on matters as set out below:

- The appointment, removal / resignation of liquidator and changes of office address under section 280(1) and (3) of Companies Act 1965.
- Statement of Affairs under section 234(3) of Companies Act 1965.
- Report by the liquidator under section 235 of Companies Act 1965 and Rules 36 and 37, Companies (Winding-up) Rules 1972.
- The accounts of a liquidator under section 281 (1), 281 (2) and 281 (3) of Companies Act 1965.
- Notification that a company is in liquidation under section 283 (1) Companies Act 1965.

As at 31 December 2011, 80% or 1,531 of 1,909 registered company auditors were classified as active and involved in 1,467 audit firms in Malaysia. Meanwhile, SSM received 27 applications for the registration of new audit firms.

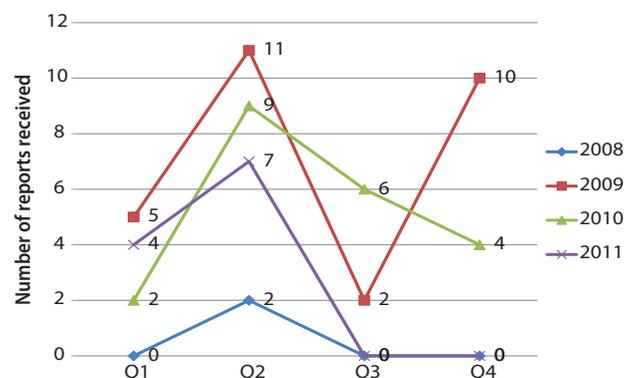
The breakdown of category of audit firms is shown in the table below:

Firm's Type	Year	
	2010	2011
Sole-proprietorship	1,063	1,052
Partnership	416	415

As a result of the various inspections conducted throughout 2011, SSM carried out the following enforcement actions:

- 14 registered audit firms were compounded under Regulation 8A(4) due to failure to lodge a return in Form 5 within one month after changes in particulars relating to the firm or its partners.
- 2 auditors were compounded due to failure to comply with the provision of section 9(1)(c) (iii) of the Companies Act 1965 i.e. the auditor had acted as auditor of a company in which his partners is the director of the company during the same period of time.
- A case of an auditor's conduct was forwarded to Investigation Division due to failure to produce documents as requested by the Registrar under section 7B(2) of the Companies Act 1965.

The amendments of the Companies Act 1965 in 2007 had also taken cognizance of the functions and roles of auditors. Among the landmark amendments include the introduction of the mandatory obligation of external auditors of a public company to report any fraud and dishonesty committed by any officer of the company under section 174(8A). Since the effective date of the Companies (Amendment Act) 2007, SSM has received numerous reports from various audit firms. Further details of the trend reported are as depicted below.



Through preliminary inspections carried out, 28% of the cases reported fell under the serious offences category as stipulated under the said Section 174(8A). SSM has taken appropriate action by referring such cases for further investigation.

SURVEILLANCE ON COMPANIES LIMITED BY GUARANTEE (CLBGs)

As at 31 December 2011, a total of 1,587 CLBGs were registered with a compliance rate of 88.47% in terms of lodgement of annual returns, an increase of 2.24% compared to the year before. Inspections on CLBGs

continued to be carried out during the year to ensure compliance with the provisions of the Companies Act 1965.

Resulting from the inspections conducted, SSM has taken the following enforcement actions:

- Issuance of Show Cause Letters with regards to non-compliance issues under Companies Act 1965 were sent to 4 CLBGs.
- Issuance of 255 compound notices in relation to non-compliance of Companies Act 1965 provisions were sent to CLBGs and its officers.
- 4 CLBGs were referred for prosecution for non-compliance to Companies Act 1965 provisions.

SURVEILLANCE ON COMPANY SECRETARIES

As at 31 December 2011, there were a total of 9,677 licensed company secretaries and 51,911 members of prescribed bodies who were qualified to act as company secretaries in Malaysia.

In 2011, SSM received 177 new applications for company secretary licences, representing a 106% increase compared to 86 in 2010. Of the 152 candidates who attended the interview session for licence, only 64 were granted the licence, 64 were unsuccessful and the remaining 24 candidates failed to turn up for the interview sessions.

Pursuant to the 'Balanced Enforcement' approach, various administrative actions were taken against company secretaries for offences committed under the Companies Act 1965.

In 2011, a total of 13 licensed company secretaries and 4 company secretaries from prescribed bodies were issued reprimand letters for failing to act honestly and use reasonable diligence in discharging their duties as a company secretary; 18 licensed company secretaries were issued with show cause letters, 363 company directors were issued with reprimand letters for allowing their company secretaries to continue to act after expiry of license; and 4 company secretaries from prescribed bodies were referred to their respective prescribed bodies for further action following complaints received from the public.

INVESTIGATION

SSM has continued to enhance its working relationship with other regulatory agencies and corporations in its efforts to combat an increasing number of white collar crimes involving top corporate and public figures.

A Networking & Knowledge Sharing seminar was successfully organized on 4 April 2011. The Seminar was attended by representatives from enforcement agencies, banking Institutions and telecommunication companies. The objective of the seminar was to foster close relationship and cooperation with the participants and to facilitate follow-up action against white collar crimes.

SSM once again has been honoured to be appointed Secretariat for the Joint Committee on Combating White Collar Crime established by the Cabinet and chaired by the Minister of MDTCC and the working committee is being lead by SSM. The working committee meeting was conducted on 22 February 2011 while the Joint Committee meeting was held on 23 August 2011. The outcome of the committee meeting was reported to the Cabinet and received wide coverage in the local media. This Committee served to encourage coordination of tasks between the agencies involved so as to avoid duplication in investigation action.

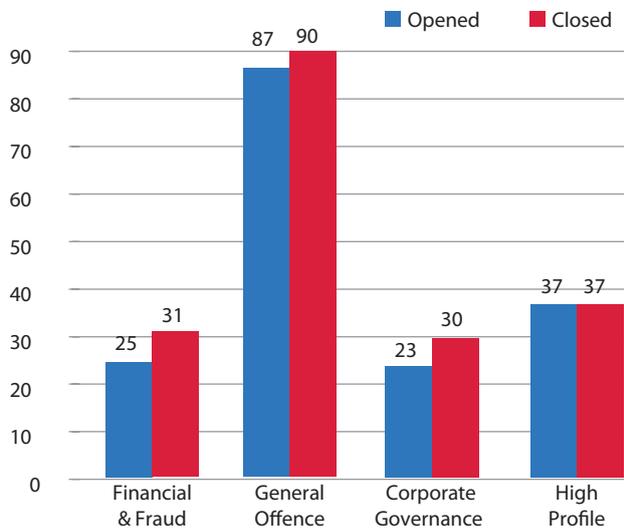
Additionally, SSM has been selected as a member of the high level task force led by the Attorney General Offices which consists of MACC, IRBM, BNM, KDRM and SSM. This indicates the recognition accorded by other enforcement agencies towards SSM's roles in combating white collar crime and the credibility of SSM's investigating officers. As a member of the "Ops 3B", SSM's investigation team has been actively involved in the high level task force project with the joint raiding exercise organized by LHDN (which also comprises MACC and KDRM), and joint investigation into 14 companies under the Companies Act 1965 and Registration of Business Act 1956. At the same time, two of SSM investigating officers have been attached on a full time basis with the high level task force pursuant to the request made by the Attorney General's Chambers.

NEW INVESTIGATION PAPERS (IP) OPENED AND INVESTIGATIONS CONCLUDED

In 2011, a total of 400 cases were investigated for various offences under the Companies Act 1965 and the Registration of Business Act 1965. Of the total 172 were new IP while 188 IP were completed in the year.

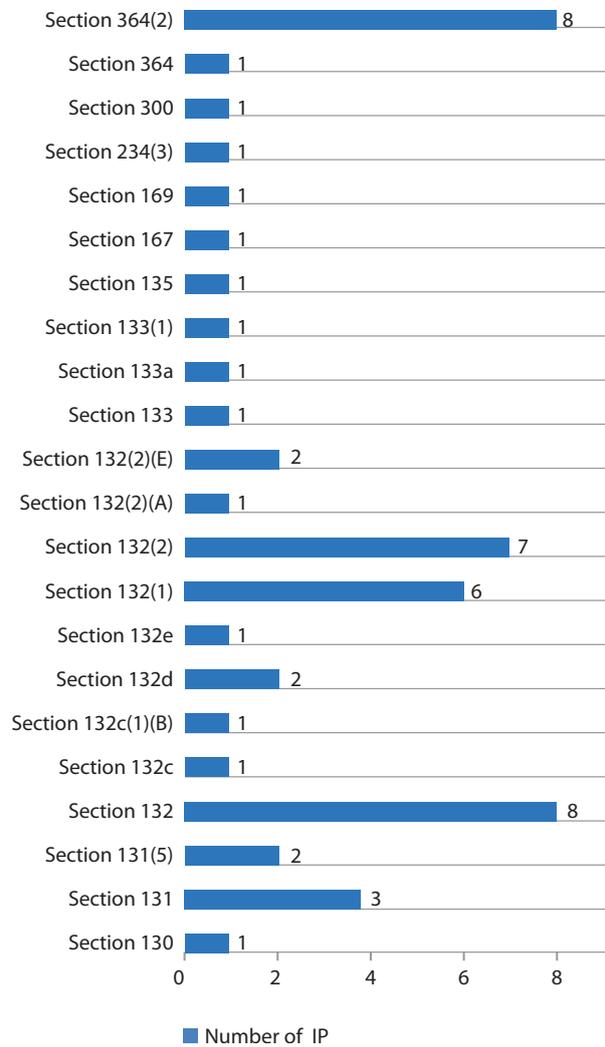
Of the total number of IP completed, 103 were fraud related cases or cases relating to breach of fiduciary duties, which have been referred to the prosecution section for court proceedings to be initiated. The following table shows the breakdown of the IP cases:

The breakdown of the IP cases and types of offences investigated in 2011 are as follows:



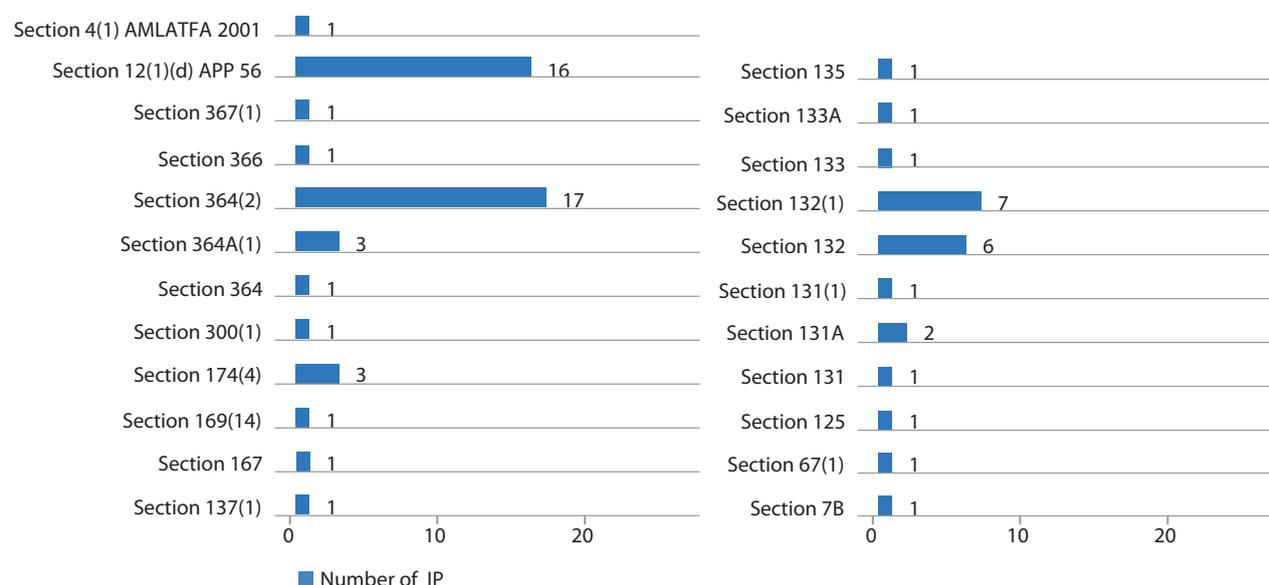
PROMINENT CORPORATE GOVERNANCE INVESTIGATION PAPERS (IPS) COMPLETED

There has been a significant increase in number of IPs opened for investigation in relation to cases related to breaches of director's fiduciary duties. This is in line with the objective of enhancing the level of Corporate Governance in Malaysia. As at November 2011, SSM's investigation team succeeded in completing a substantial number of prominent corporate governance cases investigated under Section 132 of Companies Act 1965. The following table reflects the completed cases under sections 131, 132, and 133 which are among the prominent completed IP and referred to DPP for further action:



HIGH PROFILE INVESTIGATION PAPER (IP) COMPLETED

The following are high profile IPs completed and, which have been referred to the prosecution section for court action.



PROSECUTION

SSM registered a total number of 9,806 cases under the Companies Act 1965 and Registration of Business Act 1956 in the year 2011. Among the total number of cases registered,

9,730 involved common offences whilst 76 were cases involving serious corporate governance offences. The table below shows the overall number of cases registered in 2011.

Category of Offences

Category Of Offences Under CA 1965 & ROBA 1956		No. Of Cases Registered
a	Section 143(1) of CA 1965 - Failure to hold Annual General Meeting	2,542
b	Section 165(4) of CA 1965 - Failure to lodge Annual Return	4,750
c	Section 169(1) of CA 1965 - Failure to table accounts at the Annual General Meeting within the prescribed period	1,952
d	Section 12 (1) (a) of ROBA 1956 - Carrying on business without registration	68
e	Section 12 (1) (b) of ROBA 1956 - Carrying on business after expiry of business registration	339
f	Section 12(1)(c) of ROBA 1956 - Without lawful excuse, failed to comply with any summons or requirements of Registrar	2
g	Section 12(1)(e) of ROBA 1956 - Resists or obstruct the Registrar or any other officer of the Commission in performance of duties.	2
h	Section 12 (2) of ROBA 1965 - Failure to display certificate of registration	42
i	Rule 17A(1)(b) of ROBA 1956 - Failure to submit change of registered business particulars	9
i	Section 17A (2) of ROBA 1956 - Failure to display signboard	24
Total		9,730

Category Of Offences Under CA 1965 & ROBA 1956		No. Of Cases Registered
Serious Corporate Governance Offences;		
a	Section 7D(5) of Companies Act 1965 - Failure to appear before the Registrar to be examined orally as required under section 7D(1)	1
b	Section 69F(2) of Companies Act 1965 - Failure of substantial Shareholder to notify company of change in his interests	4
c	Section 125(1) of Companies Act 1965 - Undischarged bankrupt who acting as company director	7
d	Section 130(1)(b) of Companies Act 1965 - Powers to restrain certain persons from managing companies	2
e	Section 132(1) of Companies Act 1965 - Failure to exercise power as director of a company in the best interest of the company	14
f	Section 364(2) of Companies Act 1965 - Person who made or authorized the making of a statement false or misleading in any material particular knowing it to be false or misleading	15
g	Section 363(3) of Companies Act 1965 - Restriction on offering shares, debentures, etc. for subscription or purchase	2
h	Section 366(1)(a) of Companies Act 1965 - Fraudulently inducing persons to invest money in company	1
i	Section 366(3) of Companies Act 1965 - Obtaining payment of money to company by false promise and with intent to defraud	5
j	Section 370(1) of Companies Act 1965 - Default penalty proceedings for continuous default	17
k	Section 12 (1) (d) of Registration of Businesses Act 1956 - Makes or furnishes the Registrar with false information	8
Total		76
Grand Total		9,806

LANDMARK CUSTODIAL SENTENCES

The year 2011 also saw 5 company directors sentenced to imprisonment for durations ranging from 1 day to 1 month for offences committed under Companies Act 1965. The cases are as follows;

Section 366(1) Companies Act 1965

The accused was convicted under section 366 (1) of the Companies Act 1965 for fraudulently inducing a company to pay RM10, 320,750.00 in the pretext of agreeing to supply 'Petronas Diesel'. Investigations conducted revealed that the 'Petronas Diesel' was never supplied to the said company and that the money had been channelled into his personal account. The Sessions Court Judge sentenced him to 1 month imprisonment and a fine of RM100,000.00.

Section 132(1) Companies Act 1965

The director of Golden Rome Sdn. Bhd. was charged for breaching his duties as a director for using another company known as TYT Resources Sdn. Bhd. to recover debts owed

to Golden Rome Sdn. Bhd. and subsequently using the monies recovered for the benefit of TYT Resources Sdn. Bhd. The Sessions Court ruled that the Prosecution has proven a case beyond reasonable doubt at the close of the defence case. The Session Court convicted the accused and sentenced him to 1 month imprisonment and a fine of RM10,000.00.

Sections 363 (5), 366(5) and 27(1) Companies Act 1965

Three directors of Island Red Cafe Franchise Sdn. Bhd. were charged under Sections 363(5), 366(5) and 27(1) of the Companies Act 1965 for fraudulently inducing members of the public to subscribe for the shares in the company. The three directors were convicted and sentenced to 1 day imprisonment and imposed a total fine of RM250,000.

PROSECUTION'S CONVICTION ACHIEVEMENT 2011

In 2011, SSM obtained a total of 145 convictions against companies and 714 convictions against individuals and

directors for offences under Companies Act 1965 and ROBA 1956. A total of RM1,118,160.00 was imposed as fines by the courts nationwide for offences under the Companies Act 1965 and ROBA 1956. Listed below in the table is a summary of convictions obtained in the year 2011.

LITIGATION

There was an increase in the number of new civil litigation files this year. The number of filed opened increased threefold from 59 in 2010 to 183 files in 2011. There have been several notable decisions delivered by the courts in matters which SSM was involved in.

OVERVIEW OF SIGNIFICANT CIVIL CASES INVOLVING SSM

i) Kuala Lumpur High Court Originating Summons D-24-27-2009: Profitable Plots Sdn. Bhd. v SSM

This case involved the determination of whether Profitable Plots Sdn. Bhd.'s ('the Plaintiff') business is an interest scheme under Part IV Div 5 Companies Act. The Plaintiff offered plots of land situated in the UK to be purchased by the Malaysian public for investment purposes.

SSM argued that the business model of the Plaintiff qualifies as an interest scheme based on the following grounds:

- The Plaintiff's business is not an outright sale and purchase agreement;
- It is essentially an investment scheme, where a Trustee is appointed;
- The investors have no right to enjoy the plots of land because it is too small and located in green belt areas;

- The investors must sell their plots of land to the Trustee appointed by the Plaintiff; and
- Part IV Div 5 is intended to protect the public, and this case is a classic example where public protection is paramount.

The High Court Judge agreed with SSM's submissions and held that the Plaintiff's business is an interest scheme and is therefore required to comply with Part IV Div. 5 Companies Act.

The Plaintiff filed an appeal to the Court of Appeal against this decision which is still pending.

ii) Kuala Lumpur High Court Originating Summons No. 24NCC-85-2010: Highlands and Lowlands Berhad v SSM

This case involved corporate hijacking, in which the members of the Board of Directors of Highlands and Lowlands Berhad were replaced by unauthorised individuals ('fraudsters').

Highlands & Lowlands Berhad is a subsidiary of Sime Darby Berhad ('Sime Darby') and owning valuable real property in Selangor worth millions of ringgit. Certain parties lodged false documents at SSM to assume control over the company with the intention to dispose the company's property.

In this action, SSM objected to the application by the fraudsters to obtain a court declaration that they are the rightful directors of Highlands & Lowlands on the following grounds:

- SSM had entered into a consent judgment with Sime Darby on the correct composition of directors in Highlands & Lowlands; and
- The fraudsters had filed various court actions, but failed to cooperate with SSM in its investigation despite formal notices being issued.

Summary of Convictions

No.	Category	Corporate Governance Convictions	Non - Compliance Convictions	Total Fine imposed by Courts (RM)
1.	Companies	0	145	RM70,390.00
2.	Directors	21	535	RM952,950.00
3.	Business Owners/Individuals	1	157	RM94,820.00
Total		22	837	RM1,118,160.00

Based on the above grounds, the Court dismissed the application with costs to be paid to SSM. The corporate information of Highlands & Lowlands with SSM has been rectified to reflect the correct composition of the Board of Directors as authorised by Sime Darby.

iii) Kuala Lumpur High Court Petition No. D-26NCC-102-2010: Ahmad bin Haron v SSM

This case involved an application to reinstate a company named 'Mofza Engineering Sdn. Bhd.' under section 308(5) Companies Act. Under this provision, a company which had been struck off the Register of Companies may apply to Court for an order of reinstatement within 15 years from the date it was struck off. In order to be reinstated, the Court must be satisfied that the company has been active and in operation at the time of striking off.

SSM objected to the application for reinstatement on the following grounds:

- The director of this company had applied for the striking-off voluntarily;
- The provision for striking-off should not be used to circumvent and frustrate actions by third parties; and
- The directors had demonstrated lack of good corporate governance based on the compliance records of this company.

The High Court Judge allowed SSM's objections on the principle of law that the company was not active and in operation at the time it was struck off. This was reflected by the failure of the company to lodge Annual Returns and Audited Accounts with SSM.

iv) Ipoh High Court Petition No. 26-1-2011: Md Mustamam bin Lope v SSM

This is another case involving an application for reinstatement of a company named 'Kitasedia Diversified Resources Sdn. Bhd.' under section 308(5) Companies Act.

In considering whether to grant the order for reinstatement, the Court must be satisfied that the company was in operation at the time of striking off. The former director of the company

(as the Petitioner) claimed that the company was in operation, but this claim was contrary to the fact that he declared the company as inactive when he applied for it to be struck off.

SSM objected to this application on these grounds:

- Based on the precedent set by the KL High Court in the Mofza Engineering case, the Court should be cautious when allowing an application to reinstate after the director himself made an earlier application to be struck off;
- The director may have an ulterior motive in avoiding action from third parties by being struck-off and subsequently applying for reinstatement within a few years;
- This company did not provide sufficient evidence to show that it was active at the time it was struck off.

The Court allowed SSM's objections and held that the Petitioner had failed to provide sufficient evidence that the company was active at the time it was struck off to justify for an order of reinstatement. Further, the Court held that SSM had properly followed the procedure for striking off based on the fact that the company had failed to comply with the filing of its Annual Returns and Audited Accounts for several years prior to the striking off date SSM accepted RM5,000.00 as costs after the Defendant requested for a reduction from RM20,000.00.

Based on the above grounds, the Court dismissed the application with cost to be paid to SSM.

COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY (COMTRAC)

The stakeholders' continuous corporate education and training is spearheaded by COMTRAC. The establishment of COMTRAC on 1 April 2007 is consistent with SSM's function stipulated under subsection 17(d) of the Companies Commission of Malaysia Act 2001:

"The functions of the Commission shall be 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”

THE COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY ADVISORY PANEL

SSM’s strategic direction for stakeholders training is provided by the SSM Commission Members and supported by an Advisory Panel comprising renowned personalities from the public and private sectors as well as the academia. Members of the Advisory Panel are:

1. **Prof. Dr. Aishah Bidin (Chairperson),**
Dean of Law Faculty, National University of Malaysia.
2. **Mr Wong Weng Seong,**
Head of Advisory of BDO Binder Malaysia.
3. **Dato’ Sri Abu Kassim Mohamed,**
Chief Commissioner of the Malaysian Anti Corruption Commission
4. **Mr Chen Voon Hann,**
Managing Partner of CAS & Associates and CEO of CAS International.
5. **Datuk Idris Abdullah,**
Senior Partner of Idris & Co. Advocates.
6. **Dato’ Azmi bin Ariffin,**
CEO, of Companies Commission of Malaysia
7. **Datuk Ali Abdul Kadir,**
Former Chairman of the Securities Commission.

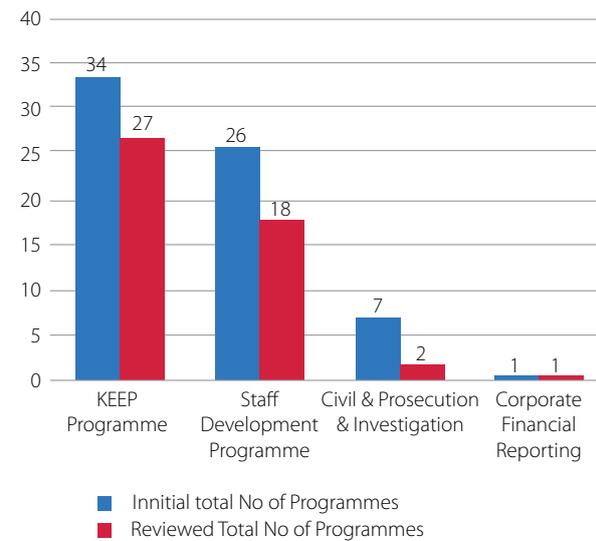
The SSM Resource Centre has upgraded its library system by developing the Virtual Library system (V-Lib) in 2011. The system enables library users to retrieve/display materials such as books, magazines, journals/articles, newspaper cuttings, reports and other related documents. The resource centre has now progressed to on-line cataloguing, indexing, searching, and reserving and confirming availability of books.

RESTRUCTURE INTERNAL TRAINING AND PROVIDE E-LEARNING TO SSM STAFF

In the past year COMTRAC continued to conduct staff development programmes in order to fulfil one of its functions, that is to develop and enhance the competencies of SSM’s staff.

Towards fulfilling this major role, COMTRAC conducted a total of 48 training programs which were attended by 1,122 staff in the past year. The programs covered multiple levels of competencies required by internal staff such as company law, operations processes and procedures, human resource and administration policies matters, practical ICT skill, accounting and financial analysis and English proficiency. In addition, a total of 82 SSM staff attended 14 Corporate Development Programs which were designed specifically for external stakeholders. However, it must be admitted that the 48 training programs conducted fell short of the 67 programs originally planned. The reason for this can be attributed to the mid-year review which called for re-strategization of the initial planning in order to deliver more effective and impactful training programs for the internal staff. The review revealed that several programs could be merged while several others had become irrelevant because of changes in job requirements.

The chart below indicates the variance according to program classification:



THE PARADIGM SHIFT

Since its establishment 4 years ago, the Staff Development Section has encountered many issues with the most prominent being the waning interest of internal staff to attend the proposed development programmes as shown in the table below:

Year	No. Modules	No. of Training	No. of Participants
2007	11	12	407
2008	43	55	1,631
2009	63	106	2,150
2010	62	73	1,814
2011	47	48	1,122

The new COMTRAC new business plan Staff Development Section needs to restructure its existing training module where its need to inject more innovative and fresh ideas into its current offering. This is in line with the findings of the two mini lab sessions for internal stakeholders conducted on 18 and 25 May 2011.

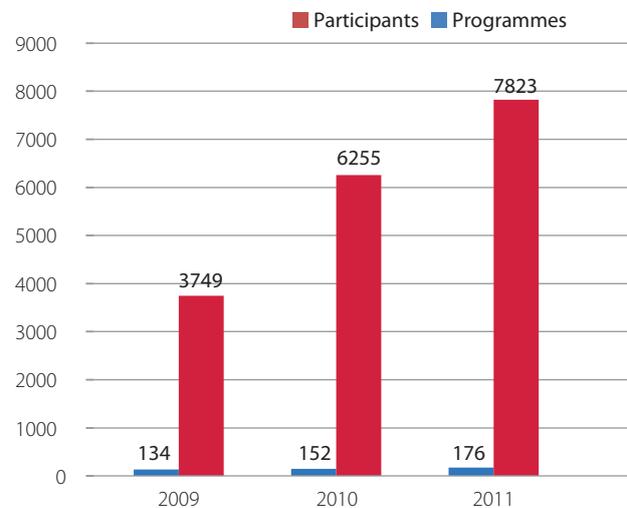
SSM has always placed great emphasis on developing and training its human resource capital to realise its corporate strategies. Various in-house training programmes and workshops have been conducted throughout the year to enhance staff effectiveness and efficiency. The programmes conducted in 2011 for SSM's middle management and support staff are as follows: Leadership and Achieving Self Excellence, Executive Development, Succession Planning, Performance Enhancement, Customer Service Excellence, and SSM 2011 Top Management Programme for SSM's executive management.

In 2011 a total of 1,029 employees attended related training programmes, local and overseas training programmes. In addition to enhancing staff competencies, SSM's Integrity and Discipline Section also conducted various seminars, courses and forums for the staff on integrity issues in collaboration with other agencies such as the Institute of Integrity Malaysia (IIM), Malaysia Anti-Corruption Commission (MACC) and the Police (PDRM).

KD04 - PROVIDE E-LEARNING TO EXTERNAL STAKEHOLDERS; KD07 - RENOWNED TRAINING CENTRE

COMTRAC conducted a total of 177 seminars and training sessions on various topics during the year [2010: 152 sessions] attended by as many as 7,823 external participants [2010: 6,225].

The chart comparing performance for years 2009, 2010 and 2011 is shown below:



A total of 44 training sessions were conducted in 2011 with 15 being on new topics/areas. The new topics/areas included the following:

- Managing Board, Committees & Relationships - Workshop for PLCs
- Balancing Conflicting Interests in the Boardroom - Workshop for PLCs
- Practical Guide to Related Party Transactions
- 1-Day Workshop on Writing Effective Minutes
- 2-Day Advanced Workshop Effective Minute Writing
- Run Effective AGM & EGM - Essential Guide to Company Secretaries of PLCs
- Talk on Challenges in International Financial Reporting Standards
- Transforming Corporate Governance into Action - Workshop for PLCs
- Independent Directors - Gatekeepers of Corporate Governance
- Getting Prepared for Taxation Audits and Investigation
- The A-Z of Submission of Taxation Return 2010
- COMTRAC & Institute of Internal Auditors Malaysia Seminar 2011

The objectives of Project KD07 are to develop contemporary, relevant and dynamic training modules for domestic and international stakeholders, instill fundamental corporate and business knowledge to all business and corporate participants towards

achieving business sustainability and undertake robust collaboration and strategic high impact approaches to stakeholder education.

CORPORATE DIRECTORS TRAINING PROGRAMME (CDTP)

COMTRAC continued to offer the one-day and the two-day CDTP in 2011. The CDTP was developed to enable the directors to carry out their duties and responsibilities efficiently, effectively and in accordance with the standards and requirements prescribed by the Companies Act 1965.

In 2011, a total of eight (8) one-day CDTP session were held compared to 11 in 2010 and these were attended by 168 participants compared to 157 in 2010. Meanwhile, 6 two-day CDTP sessions compared to 4 in 2010 were organized attracting 136 participants compared to 68 in 2010.

LICENSED SECRETARIES TRAINING PROGRAMME (LSTP)

Beginning 2010, SSM's LSTP has been made mandatory for all company secretaries licensed by the Registrar of Companies under subsection 139A(b) of Companies Act 1965. The LSTP aims at enhancing the knowledge, skill and competencies of company secretaries in their role as advisor to the board of directors. The LSTP consists of three (3) levels comprising two modules for each level. Licensed secretaries are required to attend all three levels of the LSTP.

In 2011, a total of 57 LSTP sessions compared to 60 in 2010 were organized in Kuala Lumpur, Sandakan, Miri, Sibul, Penang, Kota Kinabalu, Kuching and Johor Bahru. These sessions were attended by 4,240 participants compared to 3,157 in 2010.

CUSTOMIZED EXTERNAL IN-HOUSE TRAINING PROGRAMMES

In 2011, a total of 30 customized in-house programmes compared to 17 in 2010 were conducted for various companies, organizations and institutions, attracting a total of 800 participants compared to 488 in 2010. Among the key institutions involved were Perbadanan Usahawan Nasional Bhd, United Overseas Bank (M) Bhd, Maldives Airport Company Ltd, Malaysian Directors Academy, Pembangunan Sumber Manusia Bhd, Perbadanan Kemajuan Ekonomi Negeri Perlis, Majlis Amanah Rakyat, PETRONAS, Johor Corporation, Maybank Bhd, Prokhas Sdn. Bhd. and PPB Group Bhd.

COLLABORATIONS WITH PROFESSIONAL BODIES/ORGANISATIONS

The implementation of Project KD07 involved an approach that called for extensive collaboration with external stakeholders. In 2011, COMTRAC successfully collaborated with six organizations compared to 3 in 2010 to conduct 16 joint training programmes compared to 10 in 2010 for 859 participants. Slightly more participants (921) attended these sessions in 2010.

SSM'S NON-FEE TRAINING PROGRAMMES

As part of SSM's corporate responsibility, COMTRAC continued to provide non-fee training sessions/seminars for the university graduates, unemployed graduates and entrepreneurs. In 2011, COMTRAC was invited to deliver training on 'Start Your Own Business: Registration of Business and Incorporation of Companies' and other related topics at 39 separate events. In addition, COMTRAC also sent their speakers for the purpose of inter-agency cross fertilization of technical knowledge in areas such as incorporation of companies, Companies Act 1965, and investigation techniques.

SSM NATIONAL CONFERENCE 2011

SSM held its inaugural National Conference on 13 and 14 June 2011 (SSMNC 2011) with the theme 'Driving Business Transformation Dynamics through Regulations and Enforcement'. The Conference was held at Dewan Tun Dr. Siti Hasmah, Menara SSM@Sentral, Kuala Lumpur and attended by 302 delegates from both the public and private sectors.

A total of 18 speakers and moderators delivered their papers and deliberated on subjects such as the principles of transformation, public service delivery, the new Companies Act, Limited Liability Partnership, inter-enforcement agency collaborations, complaints management, investigation and others.

REGULATORY REFORM AND ISSUANCE OF GUIDANCE TO STAKEHOLDERS

Regulatory reform and issuance of Practice Notes continue to be SSM's key agenda in keeping pace with the new developments and emerging trends that evolve from national and international scenarios. The introduction of a new legal framework, reviews to the laws that SSM administers as well as the issuance of Practice Notes were initiatives that were carried out

with the aim of enhancing national competitiveness so as to be in tandem with the dynamic developments in industry, and to create a conducive, modern and relevant legal framework. These initiatives were also aimed at encouraging local participation in business as well as attract foreign investors to our shores.

AMENDMENT TO KOOTU FUND (PROHIBITION) ACT 1971

The Kootu Funds (Prohibition) Act 1971 was amended, providing for a heavier sentence against any person organising illegal kootu schemes with a maximum penalty of RM5,000,000 and ten years imprisonment, compared to RM5,000 and three years previously. The new amendment will come into force on 16 August 2011.

INTRODUCTION OF THE LIMITED LIABILITY PARTNERSHIP ACT 2012

The Limited Liability Partnerships Bill 2011, which introduced the limited liability partnership as another mode for doing business in Malaysia, was passed by Dewan Negara on 21 December 2011. The new Limited Liability Partnerships Act 2012 is expected to be fully implemented in 2012.

With the introduction of the LLP, the public will enjoy more options in deciding on their preferred mode of a business vehicle, in addition to the traditional modes of company, sole proprietorship or partnership.

In an effort to create awareness among the business community on this new piece of legislation, SSM will be conducting awareness and advocacy programmes over the next six months nationwide. These programmes will be carried out in collaboration with professional bodies.

THE NEW COMPANIES BILL

A new Companies Bill is being drafted to replace the Companies Act 1965 and is expected to be tabled in Parliament in 2012 or early 2013. The new Companies Bill will introduce substantial changes to the overall corporate law framework in Malaysia. The proposed changes are aimed at:

- a) Simplifying procedures relating to the incorporation of companies;
- b) Introducing the no par value regime and simplifying e-management and introducing changes to the capital maintenance regime;
- c) Simplifying a company's internal decision-making process;

- d) Strengthening the structure of corporate governance;
- e) Simplifying the process of company winding up;
- f) Introducing an alternative safeguard mechanism for companies facing financial difficulties; and
- g) Modernizing the enforcement regime.

COMPANIES COMMISSION OF MALAYSIA ACT 2001

Amendments are also being made to the Companies Commission of Malaysia Act 2001 to enable SSM to play its key role more efficiently and effectively in enhancing Malaysia's competitiveness in international markets.

INTRODUCTION OF THE INTEREST SCHEME BILL

As part of its efforts to promote the setting up of interest schemes in Malaysia, SSM has taken steps to review the current provisions on interest schemes under the Companies Act 1965. SSM has proposed that provisions on interest schemes be made a separate piece of legislature to provide a more conducive regulatory environment for the growth of the interest scheme industry.

The drafting of the Interest Scheme Bill is expected to be finalised by the 2nd quarter of 2012.

Essentially, the proposed Interest Scheme Bill is drafted with the following objectives:

- a) To provide visibility for interest schemes to be utilised by a company as an alternative mode of fund raising;
- b) To provide clarity on the regulatory framework for schemes based on the 'common enterprise' principles and best regulated as non-securities; and
- c) To enhance protection mechanisms to safeguard the interests of interest scheme holders.

The new Interest Scheme Bill is expected to provide an appropriate framework for operating interest schemes and unlock the immense growth potential for the SMEs in the interest scheme industry.

ISSUANCE OF PRACTICE NOTES 2011

As part of SSM's continuous efforts to assist company and business stakeholders in understanding and

complying with the provisions of the Companies Act 1965, a total of four Practice Notes (PN) were issued in 2011:

- (a) **PN 10/2011** - Lodgement of Annual Return where an Annual General Meeting cannot be convened due to lack of quorum.

The issuance of this PN is for the purpose of providing information and procedures that need to be complied with in relation to the lodgement of Annual Return where an annual general meeting cannot be convene due to a lack of quorum in certain circumstances

- (b) **PN 11/2011** - Clarification on whether a society can be a member of a company.

The issuance of this PN is to provide clarification to the stakeholders on whether a society can be a member of a company under the law and other related requirements.

- (c) **PN 12/2011** - Compliance Programme to encourage timely submission of annual returns and audited financial statements.

The issuance of this PN serves to advise the compliance programme to be adhered to by companies in order to encourage timely submission of Annual Returns and audited financial statements.

- (d) **PN 13/2011** - Circumstances and procedures for rectification of documents lodged and registered with the Companies Commission of Malaysia

This PN is aimed at providing information on the procedures to be complied with by companies intending to make any amendments or rectify any documents that have been lodged and registered with SSM.

3. STAKEHOLDERS' ENGAGEMENTS AND COLLABORATIONS

Over the years, SSM has endeavoured to sustain good relationships with stakeholders. SSM's engagement efforts at various stakeholder sessions constitute a vital component of its holistic approach towards achieving the goal of establishing Malaysia as the preferred business destination in the region.

SSM has always recognised the importance of a close relationship in promoting better understanding and cooperation among its stakeholders in order to ensure compliance of the wider business community with the laws that it administers and the services that it deliver. In fact, many of SSM's reforms and initiatives were a result of invaluable feedback from stakeholders.

During the year, SSM organised and participated in a number of activities to promote and create greater awareness among the public for the SSM brand. The overall goal was to ensure that the target audience understood SSM's policies, and were supportive of its goals. SSM also aggressively organised and participated in media interviews as well as issued news releases.

As a result, the media campaign garnered positive coverage from the newsprint, and radio and television electronic media, and helped propagate SSM's key messages in corporate governance, improvement to the public delivery system and enforcement related issues. The corporate and business community were kept abreast on all aspects of SSM's updates.

THE CORPORATE PRACTICE CONSULTATIVE FORUM

In 2011, SSM organised two Corporate Practice Consultative Forums (CPCF) at its headquarters in Kuala Lumpur. Apart from promoting greater cooperation between SSM and members of the professional bodies, the CPCF also served as the platform for joint consultation and deliberation of corporate practice issues. The following topics were presented during the CPCF forum:

- a) Guidelines on Application for Striking off a Defunct Company under section 308 of the Companies Act 1965 during the Moratorium Period
- b) Take-up Rate on 1 day Incorporation and the Malaysia Corporate Identity Number
- c) Guidelines on Companies Limited by Guarantee
- d) Transforming 'Starting a Business in Malaysia'

SSM ANNUAL DIALOGUE SESSIONS

Of the three Annual Dialogues held over the year, one was at its headquarters in Kuala Lumpur, and one each in Kuching, Sarawak and Kota Kinabalu in Sabah.

The Annual Dialogues were attended by a wide spectrum of participants comprising members of chambers of commerce, trade associations, statutory bodies and government linked companies (GLCs). Besides fostering a closer relationship, the regular dialogue sessions have enabled us to better understand our stakeholders' needs and expectations. The invaluable feedback received during the sessions has resulted in several reforms being undertaken by SSM over the past years, not only to improve services but also efficiency.

BUSINESS ENGAGEMENT CHAPTER WITH SMES

The SMEs which constitute 99% of all business establishments in the country are a key driver of the nation's economic growth. In a move to underscore their importance, SSM held an inaugural forum with SMEs enterprises on 18 October 2011, known as the Business Engagement Chapter (BEC). During the BEC, SSM's presentation highlighted the following three areas to the participants:

- a) Importance of Continuous Corporate Education in the 21st century Business Environment
- b) Amendments to Companies Act 1965 & Introduction of Limited Liability Partnership Act
- c) One Day Incorporation and the Malaysia Corporate Identity Number.

CORPORATE REGISTERS FORUM (CRF) 2011

The CRF is an international organisation for administrators of corporate and securities registers, whose members comprise countries from the Asia Pacific region, West Indies, the Arab world, South America and Africa.

The aim of the CRF is to provide delegates with the opportunity to review the latest developments in corporate business registers internationally and exchange experience and information on the present and future operations of corporate business registration systems and best practices.

Being one of the founding members of the CRF, SSM has participated in all CRF sessions. The last CRF, held

in Singapore from 9 to 12 May 2011, was hosted by the Accounting and Corporate Regulatory Authority (ACRA) of Singapore with the theme 'Crossing Boundaries, Building Relationships'.

SSM presented two papers during the session. The first presentation by SSM's Chief Executive Officer was on SSM's '1 Day Incorporation' initiative and the implementation of the Malaysia Corporate Identity Number (MyCoID).

The second presentation entitled 'SSM's Corporate Responsibility Agenda: Crossing Boundaries towards Driving Businesses beyond Profitability' was presented by the Deputy CEO (Operations). The presentation covered the essentials of corporate responsibility, the SSM corporate responsibility agenda and initiatives undertaken in 2011.

Presentations from other countries included regulatory reforms and other initiatives being undertaken such as the following:

- a) The new South African Companies Act and new Companies and Intellectual Property Commission
- b) Nepal's Companies Act and role played by Information and Communication Technology in business process reform
- c) Reforms enacted by the Bangladesh's Registrar of Joint Stock Companies
- d) Business law reform and enhancement in compliance activities carried out by Singapore's ACRA
- e) The United Kingdom's approach in linking up services across Government departments
- f) Updates on Extensible Business Reporting Language (XBRL) in Singapore

EUROPEAN COMMERCE REGISTER'S FORUM (ECRF)

The ECRF was established to improve services of the Commerce Registers among the European registration authorities, and was particularly aimed at

- (i) creating a conducive and efficient environment for the starting-up and development of businesses,
- (ii) creating an open and transparent environment for businesses throughout Europe, and

- (iii) simplifying the regulatory environment in order to reduce administrative burden on businesses.

In 2011, SSM was invited to attend the 14th Annual ECRF Conference held in Bonn, Germany, as an observer and took the opportunity to gain an insight into the experiences and best practices of its European counterparts.

The theme of the conference was 'International Business Register Network – Ready for a Global Market'. Among the topics that were presented at the Annual Conference included:

- a) The European register network
- b) Interconnection of central, commercial and companies registers
- c) Business register systems (Macedonia, Serbia and Germany)
- d) The Extensible Business Reporting Language (XBRL)

29TH CAMBRIDGE SYMPOSIUM ON ECONOMIC CRIME

The 29th Cambridge International Symposium on Economic Crime was held at Jesus College, Cambridge United Kingdom from 4-11 September 2011. The CEO of SSM delivered a keynote speech that resonated with the theme of the Symposium which was 'Responsibility for Risk — At The Sharp End of Fighting Crime and Terror.'

Apart from the keynote speech, SSM was also invited to deliver three other papers entitled:

- a) 'Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance'
- b) 'A Malaysia Perspective: Civil Liability against Banks and Financial institutions Pursuant to Investigation and Prosecution under Anti Money Laundering and Anti Terrorism Financing Act 2001'
- c) 'A Malaysian Perspective: Parallel Proceedings Undertaken by Companies Commission of Malaysia Philosophies and Case Study'

PARTICIPATION IN OTHER INTERNATIONAL PROGRAMMES

Apart from participating in international conferences, SSM also contributed to other programmes carried out by international bodies such as the World Bank and the Organization for Economic Cooperation and Development (OECD).

REPORT ON OBSERVANCE OF STANDARDS AND CODES (ROSC)

The ROSC is an initiative carried out by the World Bank in collaboration with the International Monetary Fund (IMF) to strengthen the international financial architecture and promote greater financial stability, both the domestic and international levels through the development, dissemination, adoption, and implementation of international standards and codes.

This initiative covers twelve main areas, namely data transparency, fiscal transparency, banking supervision, securities, insurance, monetary and financial policy transparency, payments system, corporate governance, accounting, auditing, insolvency and creditor rights, and anti-money laundering and combating financial terrorism. Each of these areas was assessed and reported on through an individual module. Both the World Bank and the IMF take the lead in different main areas.

In 2011, Malaysia invited the ROSC Accounting and Auditing programme to conduct their assessment. The objectives of the said assessment were two-fold:

- a) Analyse comparability of domestic (national) accounting and auditing standards with International Accounting Standards (IAS) and International Standards on Auditing (ISA), and determine the degree of compliance with the applicable accounting and auditing standards.
- b) Assist the country in developing and implementing its action plan for improving institutional capacity with a view to strengthening the country's corporate financial reporting.

In this regard, SSM along with other regulators have participated in the World Bank's assessment on Malaysia for the ROSC Accounting and Auditing (ROSC AA) programme. SSM's participation in the Malaysian ROSC AA took the form of:

- a) participation in discussions and roundtable meetings during both the Scoping and Due

Diligence Mission involving presentations on SSM's roles and enforcement powers relating to the accounting and auditing industry;

- b) provision of information to ROSC AA Tool for the purpose of assessment; and
- c) membership in the Malaysian ROSC AA Task Force, established with the main purpose of reviewing and validating information and providing clearance to the Draft Report for the Malaysian ROSC AA.

Apart from the ROSC AA, SSM was also involved in the World Bank ROSC on Corporate Governance. SSM's involvement called for provision of information with regard to the corporate governance regulations and practices in Malaysia

The objectives of this program are to:

- a) benchmark the country's corporate governance framework and company practices against the Organization for Economic Cooperation and Development (OECD) Principles for Corporate Governance;
- b) assist the country in developing and implementing its action plan for improving institutional capacity with a view to strengthening the country's corporate governance framework; and
- c) raise awareness of good corporate governance practices among the country's public and private sector stakeholders.

WORLD BANK'S DOING BUSINESS REPORT

SSM has been actively involved in the World Bank's Doing Business Report 2012 specifically on the indicator of starting a business. The report contains findings on its assessment of regulations in 183 countries, with a ranking of the countries in ten areas such as starting a business, protecting investors, resolving insolvency and trading across borders.

As the corporate regulator responsible for the regulation of companies and businesses, SSM has been involved in three specific areas of assessment or indicators (as referred to by the World Bank), namely starting a business, protecting investors and resolving insolvency.

OECD'S GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE OF INFORMATION FOR TAX PURPOSES

The main objective of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) is to ensure that all jurisdictions fully implement the international standards on transparency and exchange of information.

Towards ensuring that international standards are met, all members of the Global Forum (including Malaysia), as well as jurisdictions identified by the Global Forum as relevant to its work, will undergo a review of their systems for the exchange of information in tax matters through a peer review process, overseen by a 30-member Peer Review Group.

Reviews were carried out by assessment teams which are based on a two- phase model:

- a) Phase 1: assessment on the jurisdiction's legal and regulatory framework.
- b) Phase 2: assessment on the applications of standards in practice.

SSM, together with the Tax Division from the Ministry of Finance, the MOF, Inland Revenue Board, Bank Negara Malaysia, Labuan International Business and Finance Centre and the Securities Commission have all worked together with the assessors in coming up with the 1st and 2nd reviews of the Phase 1 Report for Malaysia.

The Global Forum held their Peer Group Meeting from 19-23 September 2011 at the OECD Conference Centre, Paris, France, which was attended by SSM, as one of the members of the Malaysian team. At the meeting, the Peer Review Group unanimously agreed to conclude Malaysia's 2nd review report of Phase 1, resulting in elevating Malaysia's review to Phase 2. The assessment of Phase 2 for Malaysia will be conducted in 2013.

Best Business Practice Circular 2/2011 Titled 'Establishing A Conducive Working Environment for Women: Nursing Mothers Programme at The Workplace'

Subsequent to the issuance of the inaugural Best Business Practice Circular 1(BBPC) of 2010 entitled 'How To Set Up A Child Care Centre At The Work Place', SSM in collaboration with UNICEF issued the second BBPC entitled, 'Establishing a Conducive Working Environment for Women: Nursing Mothers Programme



BBPC 2/2011

at the Workplace' in 2011. This BBPC was launched on 24 November 2011 in Kota Kinabalu, Sabah during SSM's annual dialogue session led by SSM's Deputy Chief Executive Officer (Operations) and a UNICEF's Representative to Malaysia.

This BBPC highlights the role that companies and businesses can play in supporting a family and child-friendly environment at the workplace by endorsing a nursing mother's programme. By supporting and fostering this environment, companies and businesses also provide the encouragement for women to remain in employment and achieve economic empowerment in line with the Tenth Malaysia Plan and Malaysia's Vision 2020 which promotes a balanced socio-economic development to achieve high income and developed economic status by 2020. An integral component of a nursing mother's programme is for employers to consider the creation of a nursing room facility at the workplace.

SSM'S CORPORATE RESPONSIBILITY SEMINAR SERIES



Apart from the important role of public listed companies in inculcating corporate responsibility among the business community, SSM recognises that SMEs too play an equally significant role in ensuring the success of the nation's corporate responsibility agenda. Towards this end, SSM held annual seminars for SMES under the SSM Corporate Responsibility Series so as to provide a better understanding of corporate responsibility among these small and medium enterprises. The current CR-related topics as well as SSM's latest CR initiatives such as Best Business Practice Circulars and success stories etc. will also be highlighted during these seminars. The inaugural SSM Corporate Responsibility Seminar Series with the title 'Towards Business Sustainability' was launched by Dato' Sri Ismail Sabri Bin Yaakob, Minister of Domestic Trade, Co-operatives and Consumerism on 29 November 2011.

OTHER PROMOTIONAL ACTIVITIES

Besides the urban areas, SSM extended the promotional activities for its products and services to the rural areas. SSM participated in several 'Reaching out to the People'

programmes or PSMR (Program SSM Mendekati Rakyat) in a move to gain first hand feedback from the people.

PROGRAM SSM MENDEKATI RAKYAT FELDA MAYAM, BERA PAHANG

On 23 April 2011, SSM participated in one of the PSMR programme held at Felda Mayam, Bera Pahang. The PSMR was attended by over 2000 participants, comprising people from all walks of life. Besides setting up the SSM Business Registration Mobile Counters (BRMC) and exhibition booths, other activities held during the one-day event were a quiz competition on SSM, providing explanation and assistance for registration of businesses and companies as well as a briefing session on interest schemes or 'Get-Rich-Quick' investment schemes. The event was supported by the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) and participated by all the agencies under the Ministry, such as the Intellectual Property Corporation of Malaysia (MyIPO) and Suruhanjaya Koperasi Malaysia (SKM). Other organisations which took part were Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), Perbadanan Nasional Berhad (PNS), Cooperative College of Malaysia (MKM), BSN, CELCOM, TEKUN and MARA.

'REACHING OUT TO THE PEOPLE' PROGRAM IN KAMPUNG SATOK, KUCHING SARAWAK AND KIMANIS, SABAH

Following the success of the PSMR programme in Bera, Pahang, SSM also participated in similar programmes held in Satok Kuching Sarawak on 16 July and in Kimanis, Sabah on 17 July. These programmes attracted over 3,000 and 5,000 visitors, respectively.

"MAJLIS MALAM MESRA SSM", MIRI SARAWAK

"Majlis Malam Mesra SSM" in Miri was held on 15 April 2011 to mark SSM's 9th anniversary. Over 400 guests and representatives of professional bodies (auditors, company secretaries, lawyers, etc.) as well as SSM's customers and representatives of government bodies in Miri attended the dinner.

AWARENESS CAMPAIGN: 'SUPPORTING THE NATIONAL AGENDA: SSM'S REFORM INITIATIVES IN STARTING A BUSINESS'

A campaign to create awareness among SSM's stakeholders with regard to SSM's enhancement initiatives, such as the 'One Day Incorporation' and MyCoLD, was held at Menara SSM@Sentral on 23

February 2011. A paper entitled, 'An Analysis of the 2011 World Bank Ranking on Starting a Business in Malaysia.' was also presented during the campaign.

COLLABORATION AGREEMENTS WITH BSN AND TM

Year 2011 also saw two collaboration agreements being inked. One was between SSM and Bank Simpanan Nasional (BSN) while the other was between SSM and Telekom Malaysia Berhad (TM). The first agreement will see BSN offering its counters nationwide to facilitate the renewal of business registration. Since the introduction of this new service, a total of 1,331 business owners had renewed their business registrations at BSN counters nationwide

Resulting from the collaboration between SSM and TM, a new product, 'Office in a Box' has been developed for new businesses. This has led to an increase in the number of new incorporations of companies and registration of businesses

SSM ENTERPRISE PORTAL PROJECT (EPP)

On 21 December 2011, SSM's website was transformed into a portal that is more user friendly and easier to navigate. This portal provides new elements such as information on businesses, companies, company secretaries and auditor sand facilitates information search on the home page. Additionally, new columns such as 'Career' and Electronic Company and Business Information Data (e-CBID) have been created. 'Career' will enable those who are interested in a career with SSM to submit their resume online while e-CBID provides for purchases of custom-made company and business information.

MEDIA ENGAGEMENTS AND ADVERTISEMENTS

Media engagement and advertisements continue to play a vital role in promoting greater public awareness of SSM's role and the products, services and initiatives undertaken to enhance the services rendered to the business community.

Apart from current issues, all activities that have significant impacts on our stakeholders were highlighted by the media. These include issues related to Investment Schemes, Kootu Schemes and SSM's promotional activities such as the PSMR Programmes, SSM 2011 National Conference, collaboration between SSM and BSN, and between SSM and TM.

COURTESY VISITS

During the year under review, SSM received visits from its foreign counterparts, such as Timor Leste, Pakistan and Vietnam as well as visits by students from local universities. The visitors from Timor Leste and Vietnam were sponsored by the IFC, a member of the World Bank Group, to learn SSM's detailed internal processes and procedures in services delivery, electronic services comprising the e-Info, e-Lodgement and MyCoID, in handling corporate and business information, executing surveillance, investigation, enforcement as well as its year round training and education initiatives.

EXHIBITIONS, OUTREACH PROGRAMMES AND BRIEFING SESSIONS

To complement our ongoing promotional efforts and public educational programme in the past year, we have also participated in various exhibitions and expositions across the nation.

OUTREACH PROGRAMMES AT STATE OFFICES

SSM's state offices, being an integral part of the organisation, play an equally vital role in ensuring the successful implementation of various measures and policies initiated to provide better services to the business community. Many outreach programmes, similar to the ones being carried out by the head office, were organised in 2011, such as conducting the Business Registration Mobile Counters, participating in expositions and exhibitions, holding career talks at universities, and holding awareness and training programmes for stakeholders.

Exhibitions And Expositions Companies Commission Of Malaysia 2011

No.	Programme/Event	Date
1.	Legal Career Fair 2010 by Law Faculty UKM- "Legal Profession as a Career"	9 February 2011
2.	Exhibition on Business Sustainability Program	11-13 February 2011
3.	Exhibition on Consumer Awareness Week by Unkl MIIT & MDTCC	21-23 February 2011
4.	The 1Malaysia-PNS Young Entrepreneur Franchise Program Exhibition	9-10 March 2011
5.	Law Awareness Day - UNITAR (SSM Selangor)	23-24 March 2011
6.	Pameran Sempena Seminar dan Bengkel Kemahiran, Biro Keusahawanan PUSPANITA Kebangsaan	7 April 2011
7.	Engagement Session with KSN on The World Bank 'Doing Business Report'	18 April 2011
8.	Exhibition Minggu Amanah Saham Malaysia 2011 (SSM PERAK)	20-26 April 2011
9.	<i>Karnival Bank Rakyat</i> (Melaka)	23-24 April 2011
10.	<i>Hari Harta Intelek Negara</i> – MyIPO, Persada, Johor Bahru, Johor.	26 April 2011
11.	Pameran Karnival Koperasi Wilayah Persekutuan (SKM CAW KL)	23-25 May 2011
12.	Buy Malaysia Products Campaign by MDTCC at PWTC	25-29 May 2011
13.	<i>Karnival Bank Rakyat</i> (Kedah)	27-28 May 2011
14.	Exhibition During <i>Seminar Industri Dipacu Pasaran 2011</i>	31 May 2011
15.	Karnival Kempen Penderma Darah 2011 at Taman Tasik Titiwangsa, KL	18 June 2011
16.	Karnival Bank Rakyat (Terengganu)	24-25 June 2011
17.	Entrepreneur Clinic During Program MITI with Grik Entrepreneur 2011 (Perak)	25-26 June 2011
18.	Exhibition During Program 1 Taska 1 Tempat Kerja at Hotel Shangri-La	27 June 2011
19.	SME Solutions Expo 2011 – Entrepreneurship Expo 2011 at Mid Valley Exhibition Centre	30 June-2 July 2011
20.	National Cooperative Day 2011 – SKM at Parking Lot Palace of Justice, Putrajaya	8-10 July 2011
21.	Franchise International Malaysia 2011 at PWTC	22-24 July 2011
22.	Sixth Asia Pacific Retail Conference at Hotel Hilton Petaling Jaya (MDTCC)	14 September 2011
23.	Bizstart 2011 Roadshow Exhibition at Sunway Pyramid Convention Centre	28-29 September 2011
24.	Exhibition During Karnival Kerjaya UniKL-BMI	6 October 2011
25.	Exhibition during Program Sidang Niaga MPSJ	15 October 2011
26.	Exhibition <i>Kaunter Perundingan pada Taklimat Kes Penipuan Skim Pelaburan Pertanian</i> – MOA	20 October 2011
27.	<i>Karnival Bank Rakyat</i> (Kelantan)	21-22 October 2011

No.	Programme/Event	Date
28.	Kuala Lumpur International Islamic Festival at PWTC	22-23 October 2011
29.	Exhibition Program <i>Francais Komuniti</i> at Cheras Recreation Centre (PRC), Jln. Peel, KL	22 October 2011
30.	Exhibition during <i>Seminar Pelaburan Tempatan</i> (SSM Sabah) at The Magellan Sutera, Sutera Harbour Resort, KK, Sabah.	25 October 2011
31.	1 st International Women in Business Convention at MITC, Melaka	25-27 October 2011
32.	Malaysia International Commodity Conference and Showcase (MICCOS 2011) at Taman Ekspo Pertanian Malaysia Serdang (MAEPS), Selangor	28-30 October 2011
33.	MIA-AFA Conference 2011 at KLCC	2-3 November 2011
34.	Roadmap Conference On Entrepreneurship at MAHSA University (KL & Putrajaya Indian Chamber of Commerce)	12 November 2011
35.	BN Youth Job Fair 2011 @ PWTC	18-20 November 2011
36.	Crime Awareness Day Selangor Police Contigent	19 November 2011
37.	SME Open Week at SME Corp. Malaysia	22-25 November 2011
38.	<i>Karnival Bank Rakyat</i> (SSM Perak)	3-4 December 2011
39.	Exhibition Satu Daerah Satu Industri (SDSI) at MITC Melaka (SSM Melaka)	9-11 December 2011
40.	Exhibition during Seminar Hukum Islam Semasa VII (Nattional Level at UM)	14-15 December 2011
41.	1MYTV (1 MALAYSIAN YOUTH TV) at PWTC	17-18 December 2011
42.	Exhibition during <i>Program Jelajah Francais 1 Malaysia</i>	18 December 2011
43.	Exhibition during <i>Majlis Sambutan Hari Inovasi</i> MDTCC 2011 at MDTCC	21-22 December 2011
44.	Exhibition <i>Karnival Hijrah 2011</i> (SSM Terengganu)	22-24 December 2011
45.	The ICT Entrepreneur Community Program Exhibition (PKUD) at Dynasty Hotel, KL	24-25 December 2011





FINANCIAL STATEMENTS



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
COMPANIES COMMISSION OF MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2011**

The Financial Statements of the Companies Commission of Malaysia for the year ended 31 December 2011 have been audited by my representative. These Financial Statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these Financial Statements.

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

In my opinion, the Financial Statements give a true and fair view of the financial affairs of the Companies Commission of Malaysia as at 31 December 2011 and of the results of its operations and its cash flow for the year ended in accordance with the approved accounting standards.

(NIKRUL TARMIZI BIN AWALLUDIN)
for AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
19 JUNE 2012



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

We, **DATO' SARIPUDDIN BIN KASIM** and **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 2011 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,



DATO' SARIPUDDIN BIN KASIM
CHAIRMAN OF THE COMMISSION
18 Jun 2012
KUALA LUMPUR

On behalf of the Commission,



MOHD NAIM BIN DARUWISH
MEMBER OF THE COMMISSION
18 Jun 2012
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 09 Mar 2012)



Before me,



Lot 2.42, Tingkat 2, The Mall
 100, Jalan Putra
 50350 Kuala Lumpur, Malaysia
 H/P: 019-283 9000



COMMISSIONER FOR OATHS

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Non Current Assets			
Property, fittings and equipment	3	179,267,104	188,203,760
Long term investments	4	125,542,976	120,082,367
Work in progress	5	3,256,284	6,275,358
Staff financing	6	37,380,389	27,430,333
		345,446,753	341,991,818
Current Assets			
Trade debtors	7	1,223,899	804,531
Other debtors, deposits and prepayments	8	5,921,966	4,847,228
Staff financing	6	2,715,885	2,226,121
Short term investments	9	103,905,642	125,242,699
Inventories	10	1,347,240	794,680
Cash and cash equivalents	11	278,921,063	211,737,714
		394,035,695	345,652,973
TOTAL ASSETS		739,482,448	687,644,791

Notes on pages 83 to 105 form an integral part of these financial statements

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
EQUITY AND LIABILITIES			
Equity			
Government grants	12	24,041,453	24,866,596
Retained earnings		465,502,280	433,828,865
Staff financing funds	13	56,000,000	56,000,000
		545,543,733	514,695,461
Non Current Liabilities			
Provision for employee benefits	14	523,991	623,954
		523,991	623,954
Current Liabilities			
Federal Consolidated Fund	15	178,512,770	161,432,699
Other creditors	16	11,634,791	9,836,600
Short term project creditors	17	3,267,163	1,056,077
		193,414,724	172,325,376
Total Liabilities		193,938,715	172,949,330
TOTAL EQUITY AND LIABILITIES		739,482,448	687,644,791

Notes on pages 83 to 105 form an integral part of these financial statements

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Income	18	357,706,236	328,715,698
Federal Consolidated Fund	15	(178,512,770)	(161,432,699)
		179,193,466	167,282,999
Operating Expenses			
Staff costs	19	72,291,279	71,200,642
Administration costs	20	57,887,530	53,891,859
Depreciation	3	20,696,763	17,016,670
Amortization on grants received and long term investments		(3,355,521)	(3,198,319)
Loss on disposals of property, fittings and equipment		-	1,876,440
		147,520,051	140,787,292
Surplus before taxation	21	31,673,415	26,495,707
Taxation	22	-	-
Surplus after taxation		31,673,415	26,495,707

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Capital Grants		Accumulated Surplus RM	Financing Staff Funds RM	Total RM
	← Government Grants RM	→ Vested Benefits RM			
Balance as at 1 January 2010	20,000,000	11,596	407,333,158	56,000,000	483,344,754
<u>Net surplus not recognised in the income statement</u>					
Amortization on grants received	(4,100,000)	-	-	-	(4,100,000)
Government grants received during the year	(4,100,000)	-	-	-	(4,100,000)
Surplus after taxation	8,955,000	-	-	-	8,955,000
Balance as at 31 December 2010	-	-	26,495,707	-	26,495,707
	24,855,000	11,596	433,828,865	56,000,000	514,695,461
<u>Net surplus not recognised in the income statement</u>					
Amortization on grants received	(3,900,000)	(7,853)	-	-	(3,907,853)
Government grants received during the year	(3,900,000)	(7,853)	-	-	(3,907,853)
Surplus after taxation	3,082,710	-	-	-	3,082,710
	-	-	31,673,415	-	31,673,415
Balance as at 31 December 2011	24,037,710	3,743	465,502,280	56,000,000	545,543,733

Notes on pages 83 to 105 form an integral part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RM	2010 RM
Surplus before taxation	31,673,415	26,495,707
Adjustments for:		
Depreciation	20,696,763	17,016,670
Amortization on grants received	(3,907,853)	(4,100,000)
Amortization on long term investments	552,332	901,681
(Gain)/Loss from disposal of property, fittings and equipment	(408,461)	1,876,440
Profit and dividend from investments	(19,411,186)	(17,051,666)
Operating profit before changes in working capital	29,195,010	25,138,832
(Increase)/Decrease in inventories	(552,562)	(794,680)
(Increase)/Decrease in trade debtors	(419,368)	(46,076)
(Increase)/Decrease in other debtors, deposits and prepayments	(1,074,738)	2,090,248
Increase/(Decrease) in Federal Consolidated Fund	17,080,071	4,480,139
Increase/(Decrease) in other creditors	1,823,106	3,529,654
Increase/(Decrease) in work in progress creditors	2,211,086	(4,365)
Increase/(Decrease) in provision for employee benefits	(124,878)	(43,471)
Net cash generated from operating activities	48,137,727	34,350,281
Cash flow from investing activities		
Acquisition of property, fittings and equipment	(11,856,935)	(193,458,094)
Proceeds from disposal of property, fittings and equipment	505,290	384,525
(Increase)/Decrease in work in progress	3,019,074	171,951,575
Placements in investments	15,324,116	(3,793,579)
Profit and dividend received	19,411,186	17,051,666
Staff financing	(12,829,115)	(9,599,053)
Repayment received from staff financing	2,389,296	1,988,768
Net cash from/(used for) investing activities	15,962,912	(15,474,192)

Notes on pages 83 to 105 form an integral part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RM	2010 RM
Cash flows from financing activities		
Government grant	3,082,710	8,955,000
Net cash generated from financing activities	3,082,710	8,955,000
Net (decrease)/increase in cash and cash equivalents	67,183,349	27,831,089
Cash and cash equivalents at beginning of year	211,737,714	183,906,625
Cash and cash equivalents at end of year	278,921,063	211,737,714

Notes on pages 83 to 105 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Fittings and Equipment (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee Benefits (continued)

Short Term Employee Benefits

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

Defined Contribution Plans

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

Long Term Employee Benefits

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

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

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

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

(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 2011

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 2011

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial Instruments (continued)

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 2011

3. PROPERTY, FITTINGS AND EQUIPMENT

	Building RM	Building Equipment RM	Office Equipment, Furniture and Fittings RM	Computer Hardwares and Softwares RM	Motor Vehicles RM	Renovation RM	Total RM
Cost							
At 1 January 2011	135,307,436	15,170,577	13,797,963	55,207,499	6,521,195	36,080,927	262,085,597
Additions	-	1,480,003	248,633	6,352,569	1,851,641	1,924,089	11,856,935
Disposals	-	-	-	(6,060,804)	(1,825,587)	(640,410)	(8,526,801)
At 31 December 2011	135,307,436	16,650,580	14,046,596	55,499,264	6,547,249	37,364,606	265,415,731
Accumulated Depreciation							
At 1 January 2011	2,706,149	3,034,116	5,685,347	37,611,671	5,024,918	16,668,655	70,730,856
Depreciation for the year	2,706,149	3,330,116	2,258,409	6,298,754	774,505	5,328,830	20,696,763
Disposals	-	-	-	(6,052,754)	(1,825,567)	(551,632)	(8,429,973)
Impairment Losses	-	-	-	3,150,981	-	-	3,150,981
At 31 December 2011	5,412,298	6,364,232	7,943,756	41,008,652	3,973,856	21,445,833	86,148,627
Net Book Value							
At 31 December 2011	129,895,138	10,286,348	6,102,840	14,490,612	2,573,393	15,918,773	179,267,104
At 31 December 2010	132,601,287	12,136,461	8,112,616	14,444,847	1,496,277	19,412,272	188,203,760
Depreciation charge for the year ended 31 December 2010	2,706,149	3,034,116	2,249,599	3,703,272	962,554	4,360,980	17,016,670

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 and impairment loss of RM 3,150,981 was recognized in the income statement.

4. LONG TERM INVESTMENTS

Long term investments comprise investments in Government Investment Issues, Cagamas Berhad Sukuk and Islamic Medium Term Notes with coupon rates ranging from 3.50% to 5.0% (2010: 3.04% to 5.0%) with tenure of up to ten (10) years.

During the current year, the Commission placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The gross profit rate receivable by the Commission is 5% per annum (2010: 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:

	2011 RM	2010 RM
Up to five years	71,394,300	61,076,700
More than five years	54,148,676	59,005,667
	125,542,976	120,082,367

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

5. WORKS IN PROGRESS

	2011 RM	2010 RM
Balance as at 1 January	6,275,358	178,226,933
Additional works in progress during the financial year	6,676,462	19,900,161
Capitalization to property, fittings and equipment	(9,695,536)	(191,851,736)
Balance as at 31 December	3,256,284	6,275,358

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

	2011 RM	2010 RM
Building equipment in progress	-	3,219,952
Information and communication technology development in progress	3,256,284	3,055,406
Balance as at 31 December	3,256,284	6,275,358

The construction of Commission's office building together with the interior design works were completed in year 2009 and Vacant Possession Notice was handed over to the Commission on 1 January 2010.

During the financial year, the Commission awarded several information and communication technology (ICT) projects amounting to RM 6,676,462 (2010: RM 10,084,988). These projects were classified as works in progress in the current year based on invoices received.

Works in progress amounting to RM 9,695,536 (2010: RM 191,851,736) were capitalized in the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

6. STAFF FINANCING

	2011 RM	2010 RM
Home financing	45,104,899	33,426,954
Motor vehicle financing	2,278,222	1,621,820
Computer financing	172,947	160,100
Gross amount of financing	47,556,068	35,208,874
Unearned profits from financing	(7,459,794)	(5,552,419)
Present value of minimum payments receivable	40,096,274	29,656,455

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

	2011 RM	2010 RM
Gross amount of financing:		
Within one year	2,877,150	2,343,870
More than one year and up to five years	13,195,773	10,666,364
More than five years	31,483,145	22,198,640
	47,556,068	35,208,874
Present value of minimum payments receivable:		
Within one year	2,715,885	2,226,121
More than one year and up to five years	12,420,409	10,027,376
More than five years	24,959,980	17,402,957
	40,096,274	29,656,454

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 (2010: 4% per annum). The home financing is repayable over a maximum period of thirty (30) years with a profit rate of 2% per annum (2010: 2% per annum).

The effective profit rates for these staff financing is 7% to 9% per annum (2010: 7% to 9% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7. TRADE DEBTORS

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

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

	2011 RM	2010 RM
Profit and dividend receivables	2,580,994	2,930,122
Deposits and prepayments	2,703,682	1,140,100
Advances to employees	599,145	739,781
Other receivables	38,145	37,225
	5,921,966	4,847,228

Included in the profit and dividend receivables is the advanced dividend payment from Mudharabah Deposit Account (MDA) amounting to RM 340,071 (2010: RM 499,260).

9. SHORT TERM INVESTMENTS

	2011 RM	2010 RM
Negotiable Instrument Debt Certificates	8,215,383	10,096,199
Commodity Murabahah Deposits	70,427,559	45,000,000
Long Term Investments mature in twelve (12) months	25,262,700	70,146,500
	103,905,642	125,242,699

The Commission purchased Negotiable Instrument Debt Certificates and Commodity Murabahah Deposits through various licensed financial institutions during the financial year. The effective profit rate receivable by the Commission for these securities ranged from 3.15% to 3.65% per annum (2010: 3.0% to 3.4% per annum) and their tenure is up to twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

10. INVENTORIES

	2011 RM	2010 RM
Balance as at 1 January	794,680	-
Purchases	3,650,000	2,323,100
Sales	(3,097,440)	(1,528,420)
Balance as at 31 December	1,347,240	794,680

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.

11. CASH AND CASH EQUIVALENTS

	2011 RM	2010 RM
Cash and bank balances	47,939,827	37,437,260
Deposit placements with :		
Licensed local banks and financial institutions	230,981,236	174,300,454
	278,921,063	211,737,714

The effective profit rate for AI-Mudharabah general investments and AI-Mudharabah special investment with banks and financial institutions ranged from 3.15% to 3.65% per annum (2010: 3.0% to 3.40% per annum).

The tenure of the AI-Mudharabah general investment is thirty (30) days to a year (2010: thirty (30) days to a year), and for the AI-Mudharabah special investment is one (1) night to ninety (90) days (2010: one (1) night to ninety (90) days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

12. GOVERNMENT GRANTS

	Capital Grant RM	Vested Benefits RM	Total RM
At 1 January 2011	24,855,000	11,596	24,866,596
Additional grants received during the year	3,082,710	-	3,082,710
Amortization on grants received	(3,900,000)	(7,853)	(3,907,853)
At 31 December 2011	24,037,710	3,743	24,041,453
At 1 January 2010	20,000,000	11,596	20,011,596
Additional grants received during the year	8,955,000	-	8,955,000
Amortization on grants received	(4,100,000)	-	(4,100,000)
At 31 December 2010	24,855,000	11,596	24,866,596

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.

During the financial year, the Commission received an allocation amounting to RM 3.50 million under the operating grant for the development of SSM Gateway for Malaysia Corporate Identity (MyCoID). This allocation is an addition to the total allocation received in year 2010 amounting to RM 8.96 million for the development of information and communication technology projects and interior design works for the Commission's new office building.

Information and communication technology equipments for MyCoID project amounting to RM 417,290 were transferred by the Commission to five (5) participating agencies namely Employee Provident Funds, Inland Revenue Board, Social Security Organization, SME Corporation and Pembangunan Sumber Manusia Berhad during the financial year. This amount was deducted from the grant received during the year as follows:

	2011 RM	2010 RM
Grant received during the financial year	3,500,000	-
Grant transferred to other agencies	(417,290)	-
Balance as at 31 December	3,082,710	-

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 2011

13. STAFF FINANCING FUNDS

	2011 RM	2010 RM
Home financing fund	50,000,000	50,000,000
Motor vehicle financing fund	5,000,000	5,000,000
Computer financing fund	1,000,000	1,000,000
	56,000,000	56,000,000

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

14. PROVISION FOR EMPLOYEE BENEFITS

	2011 RM	2010 RM
Balance as at 1 January	723,874	767,345
Payments made to employees in current year	(124,878)	(43,471)
Balance as at 31 December	598,996	723,874

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

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

	2011 RM	2010 RM
Current liabilities		
Within one year (See Note 16)	75,005	99,920
Long term liabilities		
More than one year and up to five years	342,655	350,540
More than five years	181,336	273,414
	598,996	723,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

15. FEDERAL CONSOLIDATED FUND

	2011 RM	2010 RM
Balance as at 1 January	161,432,699	156,952,560
Provision for revenue payable to Federal Consolidated Fund	178,512,770	164,357,849
Loss of income from discounts offered under Second Economic Stimulus Package	-	(2,925,150)
Payments made during the year to the Federal Consolidated Fund	(161,432,699)	(156,952,560)
Balance as at 31 December	178,512,770	161,432,699

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

The Commission was granted an approval dated 23 March 2010 by the Minister of Finance to deduct 50% of the total loss of income from the contributions to Federal Consolidated Funds for year 2010. The loss of income derived from the discounts offered under the temporary reduction of incorporation fees initiatives in respect of the Second Economic Stimulus Package for the period from 1 April 2010 until 31 December 2010.

No discount initiatives were introduced by the Commission during the financial year.

16. OTHER CREDITORS

	2011 RM	2010 RM
Payables and accruals	8,454,979	6,739,960
Statutory payables	1,686,895	272,550
Trustee accounts	405,940	1,114,201
Other creditors (see Note 14)	1,086,977	1,709,889
	11,634,791	9,836,600

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

17. SHORT TERM PROJECT CREDITORS

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

18. INCOME

	2011 RM	2010 RM
Net income from operating activities:		
Services income	284,734,790	264,553,915
Compounds	49,407,246	45,025,855
Corporate Training Programmes	1,800,207	1,047,095
Other income:		
Profits and dividend	19,411,186	17,051,666
Other income	2,352,807	1,037,167
	357,706,236	328,715,698

The Commission introduced an initiative by offering discounts ranging from 10% to 15% to support the Government Economic Stimulus Packages with effect from 1 April 2009 until 31 March 2010. The discounts are on fee imposed under the Companies Act 1965, Registration of Businesses Act 1956 as well as participant fee for Corporate Training Programmes.

In continuation to the first initiative, the Commission introduced a second initiative by offering a discount of 15% on incorporation fees for newly incorporated companies with authorized capital less than RM 1.0 million with effect from 1 April 2010 until 31 December 2010.

The discounts offered under the second initiative had reduced the Commission's income for the previous year by RM 11,514,025. The breakdown of the gross income is as follows:

	2011 RM	2010 RM
Gross income from operating activities:		
Services income	284,734,790	276,067,940
Compounds	49,407,246	45,025,855
Corporate Training Programmes	1,800,207	1,047,095
Other income:		
Profits and dividend	19,411,186	17,051,666
Other income	2,352,807	1,037,167
Total Gross Income	357,706,236	340,229,723
Discounts offered under Economic Stimulus Packages	-	(11,514,025)
	357,706,236	328,715,698

No discount initiatives were introduced by the Commission during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

19. STAFF COSTS

	2011 RM	2010 RM
Salaries	46,993,337	40,995,355
Fixed allowances	7,125,966	4,819,975
Statutory contributions	9,675,520	9,771,800
Overtime allowance	712,753	588,630
Bonus and other benefits	3,708,125	11,090,809
Medical benefits	3,757,529	3,502,328
Members' allowances	240,000	321,200
Subsidies to staff on Government loan	78,049	110,545
	72,291,279	71,200,642

20. ADMINISTRATION COSTS

	2011 RM	2010 RM
Travelling and accommodation	5,175,510	4,079,563
Communication and utilities	7,091,202	7,353,052
Rental	18,789,884	15,381,197
Printing and stationeries	7,546,972	9,611,312
Upkeep of equipment	9,577,759	8,104,084
Office maintenance and security	2,915,570	2,483,884
Professional fees	726,636	687,366
Entertainment and hospitalities	5,643,582	5,754,872
Other administrative costs	420,415	436,529
	57,887,530	53,891,859

21. SURPLUS BEFORE TAXATION

	2011 RM	2010 RM
Surplus for the year before taxation is		
derived after crediting: -		
Profits and dividend	19,411,186	17,051,666
Other income	2,352,807	1,037,167
Gain on disposals of property, fittings and equipment	408,461	-
And charging: -		
Members' allowance	240,000	321,200
Auditors' remuneration	62,073	56,430
Bonus and other benefits	3,708,125	11,090,809
Depreciation	20,696,763	17,016,670
Amortization on grants received	(3,907,853)	(4,100,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

21. SURPLUS BEFORE TAXATION (continued)

	2011 RM	2010 RM
Amortization on long term investments	552,332	901,681
Loss on disposals of property, fittings and equipment	-	1,876,440

22. TAXATION

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 2002 until year 2011.

23. CAPITAL COMMITMENTS

	2011 RM	2010 RM
Capital expenditure commitments :		
Approved and contracted for	5,107,040	5,084,957
Approved but not contracted for	-	-
	5,107,040	5,084,957

24. FINANCIAL RISK MANAGEMENT

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

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

(a) Liquidity Risk

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

(b) Cash Flow Risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. FINANCIAL RISK MANAGEMENT (continued)

(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.

Financial Instruments

Effective profits rates analysis

	Effective profits rates per annum %	Within 1 Year RM	1 - 5 Year RM	More Than 5 Year RM	Total RM
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As at 31 December 2011

Financial Assets

Deposits placements:

Local banks and
financial institutions

3.15-3.65	278,921,063	-	-	278,921,063
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Amanah Raya Berhad

5.0	-	-	54,148,676	54,148,676
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Financial Instruments

Effective profits rates analysis

	Effective profits rates per annum %	Within 1 Year RM	1 - 5 Year RM	More Than 5 Year RM	Total RM
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As at 31 December 2011

Financial Assets

Debts securities held to maturity:

Government Investment Issues	3.50-5.0	10,007,700	20,317,300	-	30,325,000
Cagamas Berhad	3.50-5.0	15,255,000	20,493,000	-	35,748,000
Islamic Medium Term Notes	3.50-5.0	-	30,584,000	-	30,584,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments (continued)

	Effective profits rates per annum %	Within 1 Year RM	1 - 5 Year RM	More Than 5 Year RM	Total RM
As at 31 December 2011					
Financial Assets					
Debts securities held to maturity:					
Negotiable Instrument Debts	3.15-3.65	8,215,383	-	-	8,215,383
Comodity Murabahah Deposit	3.15-3.65	70,427,559	-	-	70,427,559
		382,826,705	71,394,300	54,148,676	508,369,681

Financial Instruments

Effective profits rates analysis

	Effective profits rates per annum %	Within 1 Year RM	1 - 5 Year RM	More Than 5 Year RM	Total RM
As at 31 December 2011					
Financial Assets					
Deposits placements:					
Local banks and financial institutions	3.0-3.4	211,737,714	-	-	211,737,714
Amanah Raya Berhad	5.0	-	-	54,009,367	54,009,367

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments (continued)

Effective profits rates analysis

	Effective profits rates per annum %	Within 1 Year RM	1 - 5 Year RM	More Than 5 Year RM	Total RM
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As at 31 December 2011

Financial Assets

Debts securities held to maturity:

Government Investment Issues	3.04-5.0	15,015,000	25,328,700	4,996,300	45,340,000
Cagamas Berhad	3.04-5.0	15,407,500	35,748,000	-	51,155,500
Islamic Medium Term Notes	3.04-5.0	39,724,000	-	-	39,724,000

Financial Instruments

Effective profits rates analysis

	Effective profits rates per annum %	Within 1 Year RM	1 - 5 Year RM	More Than 5 Year RM	Total RM
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As at 31 December 2011

Financial Assets

Debts securities held to maturity:

Negotiable Instrument Debts	3.0-3.4	10,096,199	-	-	10,096,199
Comodity Murabahah Deposit	3.0-3.4	45,000,000	-	-	45,000,000

		336,980,413	61,076,700	59,005,667	457,062,780
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(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

24. FINANCIAL RISK MANAGEMENT (continued)

(d) Fair Value (continued)

The fair value of the other financial assets stated in the balance sheet date on 31 December 2011 is shown below:

	2011		2010	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial Assets				
Long Term Investments	95,880,216	97,155,715	135,309,047	135,399,547
Staff Financing	40,096,274	42,739,818	29,656,455	30,640,707

25. EMPLOYEES

The number of employees of the Commission as at 31 December 2011 was 1,238 inclusive of 39 temporary staff (2010: 1,239 inclusive of 40 temporary staff).

26. APPROVAL OF FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2011 was tabled and duly approved by the Members of the Companies Commission of Malaysia through Circular Resolution dated 14 June 2012.

27. COMPARATIVE FIGURES

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

Figures in the Cash Flow Statements were reported as follows :

	As Per Previous Report	As Per Current Report
Surplus before taxation	27,433,927	26,495,707
Increase/(Decrease) in Federal Consolidated Fund	3,541,919	4,480,139



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