



MEREVOLUSIKAN SEKTOR KORPORAT MERINTIS KUASA TRANSFORMASI

**REVOLUTIONIZE THE CORPORATE LANDSCAPE
UNLEASHING TRANSFORMATION POWER**



**LAPORAN TAHUNAN
2015 ANNUAL REPORT**

COVER CONCEPT



UNLEASHING TRANSFORMATION POWER

The fluid movement of waves shows how SSM is in tandem with the fast changing nature of our corporate community and it is reflected in its excellent service delivery. The white streaks generate synergies and establish a strategic partnership while the multiple bright coloured streaks represent how SSM revolutionize the multiple facets of the Malaysian corporate landscape.

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SSM'S VISION STATEMENT

**“TO BE A WORLD CLASS CORPORATE
REGISTRY AND REGULATORY AUTHORITY
THAT MEETS BUSINESS NEEDS THROUGH
EFFECTIVE REGISTRATION, INFORMATION,
REGULATION AND ADVICE”**

MEETING BUSINESS NEEDS

SSM IS DRIVEN TO MEET BUSINESS NEEDS WHICH INCLUDES PROVIDING GREATER VALUE PROPOSITION THROUGH QUALITY PRODUCTS AND SERVICES WITH EXCELLENT SERVICE DELIVERY.

EFFECTIVE

SSM AIMS TO ACHIEVE OPERATIONAL EXCELLENCE IN ALL THE ACTIVITIES IT UNDERTAKES. THIS REQUIRES SSM TO BE EFFECTIVE AS AN ORGANISATION WHEREBY RESOURCES ARE OPTIMISED AND OBJECTIVES ARE ACCOMPLISHED ON A TIMELY BASIS.

REGISTRATION, INFORMATION, REGULATION

IN BECOMING THE LEADING CORPORATE REGULATOR, SSM WILL CONCENTRATE ITS EFFORTS TO BUILDING A SOLID FOUNDATION IN ITS CORE FUNCTIONS. OUR TARGET IS TO ACHIEVE UNPARALLELED STANDARDS IN THESE THREE AREAS.

ADVICE

A NEW DIMENSION OF FOCUS AIMED TOWARDS ENRICHING THE BUSINESS COMMUNITY BY PROVIDING VALUE ADDING BUSINESS ADVISORY SERVICES.



MINISTER'S MESSAGE



It is also my vision to transform the Ministry to be an Economic Ministry, focusing on domestic trade and ensuring domestic growth continues to be on an upward trend.

The year 2015 posed a major challenge to Malaysia as the global economic turmoil impacted all sectors of the economy. This, combined with low commodity prices and low demand for finished products have had a deleterious effect on Malaysian economy. Though affected, our economy has proven to be resilient in the face of this global recession.

In line with the Government's policy on the implementation of Goods and Services Tax (GST), SSM has formed a strategic alliance with the Royal Malaysian Customs Department to supply information on registered GST business entities in Malaysia. Corporate communities and the public can obtain relevant information on GST registrants and its status easily which will assist ease of doing business.

In order to create an economy driven by the private sector, the Government had carried out various initiatives to ensure the nation's economic growth rate is in a healthy trend. Malaysia has successfully carried out initiatives such as modernising business regulations and liberalising the services sectors which resulted in Malaysia achieving a growth rate of 5%. This is a clear testimony of the effectiveness of the policies implemented by the government.

In keeping with the government's policy on modernising the corporate framework, the Companies Bill 2015 and Interest Schemes Bill 2015 were tabled for first

reading on 19 October 2015 at the Dewan Rakyat. The modernisation of these significant Bills will have a positive impact overall on the corporate community.

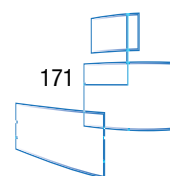
It is also my vision to transform the Ministry to be an Economic Ministry, focusing on domestic trade and ensuring domestic growth continues to be on an upward trend.

In harmony with this vision, SSM has successfully launched the Online Networking Entrepreneurs (SSM ONE) Carnival to provide information on incentives by Government agencies, knowledge sharing, as well as training and financing facilities available for online entrepreneurs. This program had successfully encourage potential entrepreneurs to venture into business and indirectly stimulate the nation's economic growth.

I believe 2016 will be another monumental year for SSM as they enter into a transformational phase that affects not only themselves, but the business community as a whole.

Thank you.

YB DATO' SERI HAMZAH BIN ZAINUDIN
Minister, Ministry of Domestic Trade,
Co-operatives and Consumerism



CHAIRMAN'S FOREWORD



A year of significant progress

The corporate landscape continued to be very challenging in 2015 with unprecedented geopolitical challenges, uncertainty in the business environment and currency volatility coupled with instability in global oil prices and a volatile supply-demand situation. Despite these exigent headwinds, SSM's strategy and its committed work-force managed to maintain and reinforce Malaysia's advantage in the corporate landscape, albeit locally and internationally.

During the year, SSM continued the implementation of the Organisation Transformation Programme (SSMTP) which saw SSM streamlining its organisational structure, procedures and standard operating processes at each level of job scope, developing a new core system and enhancing the skill sets of its employees. The SSMTP initiatives involves revamping the existing internal processes and procedures with an infusion of electronic based workflow which will speed up service delivery to encompass wide ranging business related activities such as registration of businesses, incorporation of companies and various statutory lodgements from companies and businesses entities.

The new monitoring and surveillance processes put in place will better equip SSM to monitor compliance levels of companies and businesses. These rationalisation initiatives will simplify and minimise the duration of various processes at SSM, especially starting a business, while simultaneously creating added value for its stakeholders.

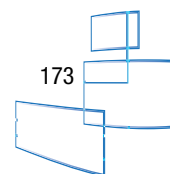
The service deliverables from the SSM team would be further augmented by SSMTP initiatives which call for a paradigm shift in its outlook. The SSMTP will require SSM to adjust and realign its focus with the coming on board of new legislations, namely the Companies Bill 2015 and Interest Schemes Bill 2015, in its endeavour to fulfil stakeholder expectations. The SSMTP initiatives will ensure that SSM continues to be at the pinnacle of its deliverables for business

entrepreneurs, thus giving the support needed by the private sector to continue to be the engine as well as the purveyor of economic growth.

SSM had embarked on the SSMTP in anticipation of the passing of the new Companies Bill 2015 by Parliament in 2016. This will see the existing Companies Act 1965 being repealed to give passage to a modern company law framework that caters for the latest corporate practices and developments in the corporate sector and provide the nation with the much needed competitive advantage globally.

Year 2015 was very challenging with our local corporate players experiencing weakening regional currencies, sliding oil prices and lower direct foreign investments coupled with escalating operational costs following unanticipated global commodity and currency shocks, financial market turbulence and sudden reversal of capital flows. Cost push from significant Ringgit depreciation and demand-pull by low fuel prices could possibly see inflation on the uptrend in 2016. This, combined with fiscal actions, could also push consumer prices to higher than anticipated levels. Therefore, SSM had to tread the fine line between facilitating the business community in Malaysia while simultaneously continuing with its austerity drive of implementing cost effective initiatives progressively, taking into account the impact of these measures on our customers and stakeholders. This has resulted in commendable cost containment during the year. SSM had to constantly review the effectiveness and impact of these measures at all levels without compromising on the quality of services rendered and the products offered to its stakeholders.

Building business community trust through corporate social responsibility has been given prominence by SSM over the years and this has become more indispensable than ever in these challenging times. Over the years, SSM had been putting in place a strategic framework towards inculcating a culture of corporate responsibility amongst the Malaysian corporate community.



In a rapidly changing business world, the manner in which businesses are conducted also mirror the dynamism of its environment. The global proliferation of the internet coupled with rapid advancements in encryption technology with secured information technology (IT) systems can safeguard valuable financial information from being used fraudulently and curb online identity theft activities.

To support corporate sustainability in a green business, SSM launched its third toolkit entitled “A toolkit to Implement Green Business” on 14 April 2015. The Green Business Implementation Toolkit, developed by SSM in partnership with WWF-Malaysia, is available for free to business communities to help guide their businesses to go green.

There are many ideas in the toolkit, particularly under the Green Office section, which are easy and reasonably cost effective to implement. Some of these ideas may even assist to reduce operational costs, to gain wider access to markets or to be able to inspire loyalty from customers resulting in employees being more engaging and productive without significantly causing a downside impact on the business.



Hence SSM's corporate sustainability initiatives focus on three key areas: promoting corporate governance and well-being, minimising negative corporate environmental impact and benefitting the business communities in Malaysia.

Despite the challenging environment, 364,230 (2014: 332,723) new businesses were registered, 46,599 (2014: 49,203) new companies were incorporated and 2,968 (2014: 2,304) new Limited Liability Partnerships (LLPs) were registered in 2015. Although there was a marginal decline of 5.3% in the number of new companies incorporated during 2015, nonetheless, the 9.5% increase in the number of new business registrations has shown a healthy trend among Small and Medium Enterprises (SMEs) businesses, reflecting a strong demand in the domestic business market.

Ever increasing costs and overheads coupled with declining consumer demand and reducing margins due to adverse external factors and demanding consumer behaviour, has seen entrepreneurs moving to the virtual business world. Businesses are now facing competition not only from existing competitors, but also from online businesses. These online businesses have virtual stores to provide cheaper alternatives to source, store and distribute directly to consumers where overheads and costs can be lower than the usual brick and mortar retail businesses while offering consumers an interactive shopping experience with an attractive price in the comfort of their homes.

Mindful of this new trend, SSM introduced the Carnival Online Networking Entrepreneurs (SSM ONE) programme in 2015 and successfully organised three of these events to bring together entrepreneurs who conduct their businesses in the virtual world and encouraged them to formalise their businesses by registering under the Registration of Businesses Act 1956. With the formalisation of the online businesses, entrepreneurs can leverage on wide ranging benefits that are available for legally constituted business entities, such as recognition in law and enforceability of business transactions, eligibility for loans and incentives offered by Government agencies. Consumers will feel more secure about conducting

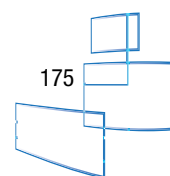
business with the virtual stores as the identity and legality of these stores are more transparent. Additionally, SSM ONE programme provides a one stop avenue for advice on the laws under SSM's purview, information on business management, financial management, sourcing of credit and incentives for business growth.

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Taking note of the emerging trend towards transacting online, SSM had to evolve and adapt to the latest trends and developments in information technology and offer better and convenient access to its services. In this aspect, SSM introduced the ezBiz portal that operates 24/7 to provide services for all major transactions online at the convenience of its customers. At the same time, SSM had placed ezBiz kiosks at a few major SSM offices for the convenience of the customers. Apart from ezBiz portal and kiosks, SSM also upgraded its MyLLP portal to provide end-to-end online services for LLPs. SSM is convinced that improving accessibility to its services will not only serve as a precursor to enhanced compliance rates but also promote growth in the domestic business sectors.

To further enhance compliance levels, a reduction in compounds ranging from 50% to 80%, was offered to companies from September to December 2015 with the aim of assisting companies with outstanding compounds to update their records at SSM and keep their compliance costs low. There was overwhelming response during these months with companies taking advantage of this offer to comply with their statutory obligations as and when they fell due.

In December 2015, SSM's senior management conducted a walkabout at a popular night bazaar in Uptown Kuala Lumpur where mobile counters were



Over the past years, SSM's Commission Members and the executive management team have played an active role and taken pro-active steps to ensure that the right balance of skills and breadth of experience are reflected in our deliverables and I believe this positive corporate culture will continue to be carried forward in the future.



set up by SSM to address the concerns by petty traders, small business entrepreneurs and members of the public. Traders and prospective entrepreneurs benefitted from this programme by registering their businesses and at the same time, obtaining valuable information and advice from SSM's officers. It is this ability and willingness to go to the grass roots to meet the traders and business entrepreneurs that has made SSM stands out amongst the global Registrars.

During the year, we welcomed YB Abdullah Hj. Saidol, YBhg. Dato' Othman bin Semail and YB Dato' Ikmal Hisham bin Abdul Aziz as SSM's new Commission Members together with YBhg. Dato' Zahrah Abd Wahab Fenner as SSM's new Chief Executive Officer (CEO) to helm SSM's executive management team as well as serve as a Commission Member. We look forward to working closely with them and the executive management to deliver our wide ranging mandates



under the Companies Commission of Malaysia Act 2001 and value added services for all of our stakeholders. Over the past years, SSM's Commission Members and the executive management team have played an active role and taken pro-active steps to ensure that the right balance of skills and breadth of experience are reflected in our deliverables and I believe this positive corporate culture will continue to be carried forward in the future.

Finally, on behalf of the Commission, I would like to thank my fellow Commission members, the

executive management team and all SSM staff for their tremendous efforts, passion and resilience in delivering results in what continues to be a very volatile environment. It is their commitment and focus that enables SSM's substantial progress. I believe, SSM will continue to set ground-breaking corporate milestones in 2016.

DATO' SRI ALIAS BIN HJ. AHMAD

Chairman
Companies Commission of Malaysia

CHIEF EXECUTIVE OFFICER'S **REVIEW OF THE YEAR**



SSM aims at providing superior service delivery through operational excellence and greater efficiency and effectiveness of its role as a regulator and enforcement agency. Capacity and capability have also being major concerns as it would eventually lead to cost savings for end-users in terms of ease of doing business.

Though formed in 2002, SSM has experienced history that extends beyond a few decades, having witnessed the changes in business environments through the ages. War, the post-war economic turmoil, the emergency, independence and the growth of what was to become one of the major South East Asian economies. All of these tumultuous moments had the involvement of our predecessors that existed as separate registries for companies and businesses before emerging as a commission. The decades old experience was inherited by the commission through the professional skills of its human resource that had grown with the organisation and honed further as SSM experienced the increasingly complex changes and challenges in dealing with the functions of a registry, enforcement agency and a statutory body.

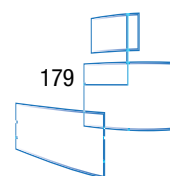
The continuing global economic slowdown coupled with very low and volatile commodity prices has led to a challenging environment for the domestic business sector. SSM, as a registry and corporate regulator, has through various initiatives and programmes endeavoured to create a sustainable business environment that has contributed positively towards building the nation's economic resilience to the upshots of global economic slowdown. I am pleased to report that our efforts have been fruitful in spurring growth in the business sector as reflected in an overall continuous rise in the registration of businesses and limited liability partnerships (LLPs) for the year, with only a marginal drop in the overall incorporation of companies.

During the year, the number of companies incorporated decreased by 5.3% totalling 46,599 [2014: 49,203] while 364,230 new businesses [2014: 332,723] were registered with SSM, an increase of 9.5%. This brought the total number of companies registered with SSM by the end of 2015 to 1,160,064 [2014: 1,113,465] and businesses registered to 5,998,331 [2014: 5,634,101], reflecting an overall increase of 4.2% and 6.5% compared to the total number of companies and businesses registered in 2014. In the case of LLPs, there were 2,968 new registrations [2014: 2,304] with the total registered as at 31 December 2015 being 6,712, representing a 28.8% increase for new LLP registrations compared to 2014. Despite the lower

than expected global growth rate of 2.6%, the nation experienced an increase in the number of companies and businesses registered. Malaysia's economy grew at a rate of 5% in 2015 [2014: 6%], a commendable performance despite the global economic downturn and the global growth average of 2.8%.

The decrease in incorporations of new companies is offset by the increase in LLP and business registrations. This is an indication that the business community has taken cognisance of the modes of business options available to carry on a business. In view of the current global economic situation and SSM's relentless supervision and enforcement activities, there appears to be a preference for business vehicles which are easy and hassle free to maintain. Based on SSM's statistic, sole proprietorships, conventional partnerships and especially LLPs are gaining in popularity amongst the business community. The popularity of the LLP could be due to the hybrid nature of this entity which combines the features of a conventional partnership with the benefits of limited liability and enjoys a body corporate status under the Limited Liability Partnerships Act 2012.

Fierce competition amongst nations to attract Foreign Direct Investment coupled with the number of global players in the manufacturing and services sector has raised the competitive bar amongst nations to secure a foothold in the global economy. Investors, fund managers, venture capitalists and even businessmen are more sensitive to corporate sustainability and recognize the need to internalise international norms of governance to attract and draw investments into the country. Such recognition ensures the continued attractiveness of Malaysia as a business destination and in maintaining the nation's reputation as a business-friendly nation. Towards this end, SSM has taken concrete steps to cultivate and develop the budding entrepreneurial skills to ensure that entrepreneurship is sustained and developed amongst the younger generation to enable economic expansion and the creation of jobs and opportunities. Indeed, these have been the overriding objectives of all the measures taken thus far and today SSM can take pride in the many accomplishments since its formation as a statutory body on 16 April 2002.



A major milestone in 2015 was the tabling of the first reading of the Companies Bill 2015 and the Interest Schemes Bill 2015 in October 2015 in Parliament. It is a major breakthrough in corporate history and on completion of all legislative processes; these new laws will trigger an unprecedented paradigm shift in the regulatory requirements and consequently completely change the manner people do business in Malaysia.

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The new Companies Bill emphasises internal controls, corporate governance and social responsibility as well as calls for companies to conduct business activities aligned to national and public interests. In tandem with higher standards of governance and enhanced regulatory requirements, SSM seeks to strike a balance by according greater flexibility in managing a business. Starting a business has also been given a boost through a reduction in the cost of commencing a business.

The Interest Schemes Bill 2015 originates from a Division under the existing Companies Act 1965. However, recognising the role of interest schemes as the new catalyst for wealth generation, a separate new legal framework for interest schemes has been finalised. The introduction of this new legal framework is aimed at modernising the existing framework so as to provide visibility for interest schemes as the new investment avenue in Malaysia. The new framework will simplify approval procedures by leveraging on a disclosure-based regime, enhance regulatory powers to protect investors including availing injunction and restitution as well as strengthening the governance requirements through periodical reporting. This framework will also provide a more competitive wealth

generating business model which would cater for all types of interest schemes, irrespective of size and nature.

The Companies Bill 2015 and The Interest Schemes Bill 2015 register as momentous national milestones for Malaysia and the corporate sector, in particular. Though SSM served as the driving force, several other professional bodies and individuals have contributed immensely towards the development of these Bills. I would like to thank the members of the Corporate Law Reform Committee, Accounting Issues Consultative Committee, Attorney General Chambers, various members of professional bodies, trade associations, chambers of commerce, academics and members of the public for their contributions from the stage of law review to the refinement of the draft Bills for tabling in Parliament.

As a proactive and stakeholder sensitive statutory body, SSM is aware that change and the ability to change in line with global trends is essential given its impending enforcement of a completely new Companies Bill 2015 together with the Interest Schemes Bill 2015. Added to this heavy responsibility is the imperative to take advantage of the latest trends and capabilities of office automation and practices that would result in a speedier and efficient service delivery. Therefore in line with the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP), the SSM Transformation Programme (SSMTP) was launched. The SSMTP is designed to act as a catalyst for advancing Malaysia's competitive position and improving its response to the effects of globalisation, responding effectively to the increasing sophistication of entrepreneurial and established businesses, and marketing Malaysia as a destination for ambitious

entrepreneurs' who through synergy are likely to create a multiplier growth effect on the economy.

SSM aims at providing superior service delivery through operational excellence and greater efficiency and effectiveness of its role as a regulator and enforcement agency. Capacity and capability have also being major concerns as it would eventually lead to cost savings for end-users in terms of ease of doing business. In order to achieve these objectives, the focus has been on the three core areas of business process, technology and systems as well as people and organisation.

In SSM, human resources are highly prized as there is great awareness that any business process or even the best technology and system is only as good as those who operate it. In line with our core beliefs, we have adopted an approach based on a 3-pronged strategy:

1. The first is business process transformation. Here, the key improvements or transformation further elaborate on the proposed business process improvement and the related automation initiatives to achieve the Business Process



Reengineering objectives. The automation initiatives are supported by the implementation of new core and support systems;

2. The second is technology transformation and system where an integrated information technology (IT) environment is responsive to change and supportive of the delivery of the business strategy and the business process; and
3. Finally, the transformation of people and organisation with the human resource strategy being aligned to SSM's vision and mission and a new set of Corporate Core Values as enablers to realise its Vision and Mission. These Corporate Core Values will transform the way business is done in line with the transformed organisation.

The implementation of the mandatory online incorporation process through the MyCoID portal which was completed in stages in 2014. In 2015, a total of 44,173 new companies were successfully incorporated via MyCoID.

To align itself with global regulatory trends and to facilitate ease of conducting a business, SSM introduced the ezBiz online service which allows for online renewal of business registration with three prior easy steps specifically designed to counter the possibility of fraud. The user is required to register online via SSM portal and go to any SSM office for a biometric verification of his identity once in his lifetime. This facility offers an easier, quick renewal of businesses that is available 24 hours a day, seven days a week. Renewals of a business can now be done at the convenience of a home or business premise and not bound by SSM's operating hours. Incidence of conducting a business on an expired registration should be reduced drastically with the introduction of the ezBiz service.

For the success of any business venture, timely information is crucial to decision making. To facilitate and encourage the development of businesses in Malaysia, SSM launched the e-Info Mobile App on 2 October 2015. This app allows users to purchase products such as company and business profiles, financial comparisons and images of company statutory documents through their smartphones via installation of dedicated application software such as Android or IOS software. The term "Information at Your Fingertips" is truly applicable in this instance where

information can be requested and provided for in a quick and speedy manner with the user being assured of the latest encryption technologies that safeguard their interests.

On 13 November 2015, a new enhanced MyLLP system was launched. This system offered online features such as the lodgement of all LLPs documents, purchase of information and also allows for statutory information reporting by LLPs compliance officers. The launch of the MyLLP system is not only expected to resolve compliance issues in a speedy and efficient manner but also facilitate SSM's monitoring and enforcement activities. We strongly believe that the system would encourage and promote LLP as a vehicle to carry on a business and inculcate a compliance based culture from the very beginning.

In the interest of safeguarding the public from fraud and misrepresentation, SSM introduced the e-Search service on 7 August 2015. The e-Search service enables the public to search for free on the validity of any business entity registered at SSM. Members of the public only need to enter the number of the company registration, business registration or LLP to obtain a display showing pertinent information on the entity being queried such as registration number, name of company, business or LLP, current status and the Goods and Services Tax (GST) registration number. The service enables members of the public to ascertain the status of an entity prior to conducting any

business, and if further details are required, to conduct a company or business profile search in order to access corporate information. With the existence of this facility, the incidence of fraud and misrepresentation of business entities would be reduced.

In our on-going efforts to promote a greater level of compliance amongst business owners and for SSM to ascertain compliance levels amongst business entities, the e-Compound service was introduced on 1 September 2015. This free service enables the public to check on the outstanding compound notices issued for offences under the Companies Act 1965 and Registration of Businesses Act 1956. The e-Compound service functions as a strong deterrent to non-compliant behaviour as the business and corporate community would quickly clear any outstanding compounds before such details are obtained by their bankers, suppliers or customers and result in a negative impact on their business image. More importantly, this facility should promote and inculcate a greater compliance driven culture amongst the business community.

Apart from all these facilities, SSM is in the process of introducing self-service kiosks located outside the premises of all its offices nationwide where services such as renewal of business licences, payments of compounds and business information would be offered initially while corporate information and user registration for online services would be offered

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gradually. The kiosks will be equipped with the latest cash and credit or debit card payment input technologies with the latest biometric verification built in to protect the interests of the business owners.

Our wide ranging initiatives to enhance our services via online platforms and kiosks would not have been possible without the tireless efforts and dedication of our officers to ensure that key components of hardware, software and network communications together with systems security are reliable and safe and that data integrity is assured at all times. Mainly due to SSM's almost complete reliance on its core systems to manage and monitor the more than 1.16 million companies and almost 6 million businesses, its investments in ICT and associated technology are vast. It is therefore of paramount importance that SSM's core systems are up to date in the latest international standards governing hardware, software, networking and security features.

One of the initiatives taken by the government to ensure the continuity and security of our national cyber assets of the various agencies was to require the implementation of Critical National Information Infrastructure (CNII) where agencies are required to implement standards and guidelines to secure their IT related assets. These standards are comprehensive and cover all aspects of IT and its related structures including networking and interface. Given the widespread use of Information Technology by the government and the nation as well as the crucial role played by such technology in the service machinery of the government, the standards implemented are to ensure the continuity of such services and that data integrity is assured at all times.

Recognising the crucial role of its database and core system to the national economy and all economic activities and the impact of any disruptions on the economy, an action plan of Information and Communication Technologies and Development (ICTD) for 2014 was to obtain certification for its data centre. The project was initiated on 14 February 2014 with the creation of two committees, the Steering Committee ISMS (PSC) and Project Working Committee ISMS (PWC) to monitor and coordinate the implementation of ISO/IEC 27001 at SSM headquarters. The audit certification was done from 14 to 15 April 2015 by SIRIM QAS.



SSM successfully complied with the standards set by ISO/IEC 27001:2013 and was awarded the ISO/IEC 27001:2013 certification on 8 May 2015.

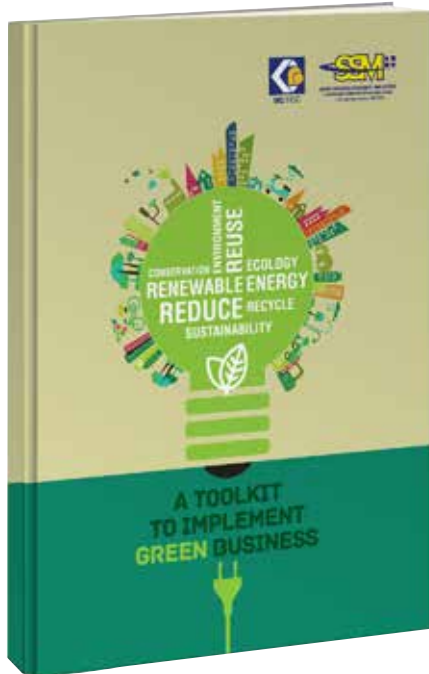
Over a period of five years, since commencing its Corporate Responsibility (CR) agenda, SSM has demonstrated steady progress in advocating CR awareness by publishing Best Business Practice Circulars (BBPCs) and Toolkits on various CR issues and in conducting CR Seminar Series to foster greater adoption of CR activities by SMEs.

On 14 April 2015, SSM successfully launched its third toolkit entitled "A toolkit to Implement Green Business". This toolkit focuses on aspects of the environment supporting the development of green business practices in the corporate community and offers guidelines for companies and businesses to operate three categories of green businesses: Green Office, Green Procurement and Green Operations.

The toolkit aims to achieve the following objectives:

- To increase environmental and ethical awareness among the private sector of its business's towards the environment in ensuring a more sustainable environment that future generations can inherit;
- To provide guidance to the private sector in becoming more resource-efficient economy by using resources in a more sustainable way that will reduce vulnerability in supply shortages and volatile market prices; and
- To promote and educate the private sector in

supporting green growth by engaging in a culture of green business practices of green office, green procurement and green operations.



In brief, the toolkit contains guidance and recommendations on green initiatives and activities that can be implemented by companies and businesses in their daily operations. The guide also provides a specific section for SMEs to practice green business in terms of procurement and operation.

A strategic alliance between SSM and United Nations Children's Fund (UNICEF) was formed in 2010 with regard to corporate responsibility with the focus being mainly on the promotion of awareness of children's rights, corporate responsibility or sustainability activities, carrying out research and development on related issues and dissemination and monitoring of child-friendly business practices within the corporate and business environment in Malaysia. A business framework to achieve the strategies are available in the Children's Rights and Business Principles (CRBP) that sets out ten principles which distinguish an array of actions that businesses are encouraged to take in order to respect and support children's rights.

To foster this collaboration, SSM and UNICEF organised two workshops on CRBP this year on 23 April 2015

at Kota Kinabalu, Sabah and 7 July 2015 in Kuching, Sarawak. These workshops were attended by SME, NGOs, academicians, stakeholders etc. The objective of these workshops was to raise CRBP awareness and support corporate responsibility related to child friendly practices among the participants. Further, the workshops were designed to gauge the demand and attitude of the corporate community towards a child-friendly environment, given that the children of today are the leaders and workforce of tomorrow.

On 25 August 2015, the Food Safety and Quality Division of the Ministry of Health Malaysia organised the National Breastfeeding Week at Putrajaya in conjunction with World Breastfeeding Week. At the forum on breastfeeding, SSM was invited to present its Best Business Practice Circular 2/2011 entitled "Creating a Conducive Work Environment for Women: Breastfeeding Program in the Workplace". Apart from participating in the forum, SSM was also given an opportunity to showcase and promote awareness of its CSR publications on a child-friendly environment and discuss the demand and positive attitude of the corporate community towards creating a child friendly environment within their businesses. This program was inaugurated by YAB Datin Paduka Seri Rosmah Mansor and speakers for the Forum were drawn from the Ministry of Health, Ministry of Women, Family and Community Development, Malaysian Trades Union Congress (MTUC), Malaysian Employers Federation (MEF) and Ministry of Human Resources.

On 2 October 2015, SSM was invited by SUHAKAM to serve as a panellist for the programme "Strengthening Corporate Respect for Human Rights: Roundtable on the UN Guiding Principles Reporting Framework and the Roles of Key Actors in Incentivising Improved Corporate Performance". A collaborative programme involving the United Nations Malaysia, Asian CSR Network, Federation of Malaysian Manufacturers, Mazars and Shift, its objective was to introduce reporting on the UN Guiding Principles on Business and Human Rights and the UNGP Reporting Framework (UNGPRF). UNGPRF reporting framework guides companies to report on their corporate responsibility for human rights in business, namely the workers, safety, the environment, suppliers and related parties in the business. The panel discussion for SSM was on "The Need for Non-financial Reporting by Companies in Malaysia" where

A strategic alliance between SSM and UNICEF was formed in 2010 with regard to corporate responsibility with the focus being mainly on the promotion of awareness of children's rights, corporate responsibility/sustainability activities, carrying out research and development on related issues and dissemination and monitoring of child-friendly business practices within the corporate and business environment in Malaysia.

SSM highlighted voluntary corporate responsibility reporting in the form of Business Review Report that will be introduced under the new Companies Bill 2015.

SSM is renowned for its National Conference (SSMNC) which is organised annually and 2015 was no exception. The theme "Modernizing the Companies Act: Creating Synergy in Malaysian Business Landscape" was held on 8 and 9 September 2015 in Kuala Lumpur with the Honourable Minister YB Dato' Seri Hamzah Bin Zainuddin, Minister, Ministry of Domestic Trade, Co-operatives and Consumerism officiating the conference. The Conference was well attended by 560 delegates drawn from a diverse range of stakeholders from both the public and private sectors as well as senior officers of SSM. A total of 23 speakers, panellists and moderators delivered their papers at the Conference on varying topics ranging from corporate governance to law reforms on doing business and regulatory updates.

Apart from holding the 2015 SSMNC, SSM continued the tradition of conducting a regional conference at Kuching, Sarawak on 7 October 2015 with the theme, "Revamping The Companies Act". This conference drew 170 delegates from Sarawak, Sabah and Peninsular Malaysia. The delegates were a diverse range of stakeholders from both the public and private sectors. Five speakers delivered papers on "Revolutionizing Starting a Business in Malaysia", "Towards Boardroom Excellence, Enhancing Shareholders Activism", "Getting Prepared for No Par Value Regime and Capital Maintenance Rule", "Rationalizing Audit and Financial Reporting Framework" and "Regulatory Update: Preserving the Integrity of the Financial System: Prevention of Money Laundering and Terrorism Financing (ML/TF).

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



Sound business regulations are fundamental to starting a business with simple procedures that require swift and inexpensive completion. In the "Doing Business 2016" published by The World Bank, Malaysia's ranking although falling a single place from 17th in 2015 to 18th in 2016, is placed ahead of Switzerland (26th), France (27th), Thailand (49th), Philippines (103rd), Indonesia (109th). In fact, in the ASEAN region, Malaysia is ranked second after Singapore. Similarly in other authoritative surveys,

Malaysia is recognised and placed at 4th position in the World Emerging Market Logistics ranking amongst the world's 45 leading emerging markets. The index ranks, among others, business conditions, infrastructure and other factors that make nations attractive to logistics providers. Malaysia was also ranked at number 14th amongst 61 countries in the competitiveness aspect of nations according to the World Competitiveness Yearbook 2015 issued by the Institute for Management Development.

The advent of the ASEAN Economic Community (AEC) has exposed us to a world filled with many possibilities as well as challenges. This liberalized economy program will bring in market share of more than 20 times than our current domestic market. Imagine a community with the third largest combined population after China and India consisting of 642 million people, a GDP of USD 2.6 trillion (2014), 7th largest economy in the world, 3rd largest in Asia, an FDI of USD 143 billion or 11% of world's FDI and a combined total trade of USD 2.5 trillion.

The numbers are mind boggling but the potential and risks increase exponentially in the movement of goods and services between borders. The risks are expected to remain but businesses in the AEC would have to compete on a level playing field as tariffs and barriers would be reduced to almost nil on certain goods and services thus putting pressure on costs and retail pricing. The free flow of capital, goods, services and skilled labour amongst the members of the community would certainly ramp up competition for the best. Fierce competition would result in an increased level of performance where adversity is likely to force innovation to perform better than their competitors in order to win market share. Malaysian businessmen have since the late 70s invested heavily in the ASEAN countries and I believe they would be able to take advantage of the network of business partners to foster synergistic relations and alleviate market risks. Using a combination of skills to gain market share, they are likely to forge ahead and probably create the first true multinational from this region that would compete with others to establish AEC like the European Union.

SSM as a regulator and registrar must also be prepared to meet the challenges posed by AEC; it affects SSM as much as the businesses and companies that SSM regulates. Cross-border regulation and cooperation with our fellow regulators in ASEAN could emerge as a norm.

SSM on its part can assist and facilitate businesses to prepare for the coming common market as envisioned by AEC. We are in the process of having outreach programmes to educate our business owners on minimising the risks and benefiting from this Community. However, I must emphasise that SSM cannot act in isolation. It needs the cooperation of all regulatory agencies involved in order to achieve a satisfactory level of awareness and understanding amongst the regulators. I am pleased by the commitment and cooperation shown so far by our fellow agencies in Malaysia and counterparts in ASEAN. But we can only do so much. The onus is on business owners; their attitudes and business methods should change to accommodate and respond to the risks, associated benefits and opportunities offered under AEC. We cannot afford to remain static as change is not only inevitable but unavoidable.

These are indeed very challenging times given the intense competition in our region for Foreign Direct Investments. The AEC which took effect in 2015 has exposed us to competition on two fronts, globally and regionally where we would need to ensure that we not only remain competitive but relevant to the global as well as the regional economic grid. SSM on its part recognises that business models and trends do change over time and even more rapidly now given the rapidly evolving state of global connectivity and information technology.

Franchising and online trading have become major business growth areas undertaken by our entrepreneurs. Franchising has become one of the major contenders in the local business scene. At present, there are 181 businesses and companies that are franchisors with 407 being franchisees; in addition there are at least 26 local franchise businesses that have spread their wings to 49 countries. In view of these developments, SSM has consistently participated in international and domestic events related to franchising and its associated business opportunities. During the year, SSM participated in a total of six international events as follows:

1. Two in Australia: The Franchising and Business Opportunities 2015 held in Sydney and Melbourne respectively;

2. Two in Indonesia: International Franchise, Licence & Business Concept Expo and Conference (IRFA) 2015 and Indonesia Franchise Business Concept Expo held in Jakarta and Surabaya respectively,
3. Turkey: Be My Dealer? 13th Franchising and Brand Dealership Trade Fair
4. Singapore: Franchising and Licencing Asia (FL Asia) 2015.

At all these venues, the Malaysian Pavilion as well as SSM's exhibition booths were thronged by businessmen, investment bankers and members of the general public who were keen on the franchising and business opportunities that were available in Malaysia. I am pleased to note that SSM was of particular interest amongst all parties given its key function and role as the registry for both businesses and companies in Malaysia and the custodian of corporate and business data which is a major consideration for potential franchisees in deciding on the business model to be adopted when engaging local partners.

In Malaysia, SSM had participated in two exhibitions on franchising, namely Hari Francais 2015 held in Putrajaya and Franchise International Malaysia 2015 held in Kuala Lumpur. Once again, both these events saw SSM's booth being well visited by businessmen, Malaysian and foreign franchise holders and investors who were keen to participate in the business. SSM was able to facilitate their questions with regard to setting up of a business entity. Our streamlined business registration and incorporation of company process which guaranteed the shortest possible timeframe for the creation of an entity and commencement of business was a very attractive draw for the visitors.

The rise of the internet and the proliferation of online trading by individuals and businesses have not gone unnoticed by SSM. As of 31 December 2015, a total of 1,072 companies and 28,909 businesses are involved in online retail trading and auctioning. This does not include the numerous individuals who conduct their trading through portals such as eBay, mudah.com and lelong.com, either on a full time or part time basis. Many of them have yet to register their businesses with SSM. In view of nurturing the growth of this important business segment, we commenced our Carnival Online Networking Entrepreneurs (SSM ONE) to reach out to the online entrepreneurs that have mushroomed and grown into a formidable trading force as reflected by their numbers and trade volume. Many of these businesses have not registered with SSM and are likely to lose out on the incentives and assistance provided by the government through selected agencies.



The SSM ONE 2015 carnival is a series of road shows with the first successfully held at The Curve Shopping Centre from 4 to 5 of June 2015. This event was aimed at bringing together the conventional and the online business communities by facilitating and providing training, business development techniques, and financing on business entrepreneurship.

SSM conducted three SSM ONE carnivals in 2015. The SSM ONE 2015 carnival is a series of road shows with the first successfully held at The Curve Shopping Centre from 4 to 5 of June 2015. This event was aimed at bringing together the conventional and the online business communities by facilitating and providing training, business development techniques, and financing on business entrepreneurship. SSM ONE Carnival continued to be carried out in Pasir Gudang, Johor from 2 to 3 October 2015 and in Kuching, Sarawak from 13 to 15 November 2015. Through these carnivals, business owners and entrepreneurs were able to take advantage of the services and assistance rendered by various ministries, government agencies, and of statutory funds for business development from non-governmental organizations via a one stop centre.

Exhibition and service booths were provided to facilitate the business and entrepreneurial community to seek advice and assistance. In addition the carnival also showcased famous successful local personalities who shared their experiences with the participants and inspired them to strive for success. The visitors to the carnivals came from various socio-economic backgrounds including businessmen, students of higher learning institutions and members of the public. It is estimated that around 20,000 visitors visited the carnivals. Resulting from the SSM ONE programs, many online businesses have registered and have been in touch with all agencies for assistance and advice. We received tremendous response to these carnivals as the online trading community was able to appreciate the regulatory requirements and the safeguards that needed to be implemented to protect and develop their business and gain the trust of their clients and suppliers.

SSM being the registry of companies, businesses and LLPs deals with the whole gamut of the business spectrum, from the very largest business concerns to the humble petty hawker and trader. We attempt to address issues faced by all especially the petty traders, hawkers and handicapped persons who may choose to venture into business. We assist such interest groups and facilitate the process by putting them in touch with the agencies identified by the government to channel aid and incentives. This led to SSM participating in several events that specifically catered for nurturing and developing business skills and acumen of traders namely at the National Hawker and Petty Traders Day held from 4 to 6 December in Lumut Perak, Transformasi Penjaja dan Peniaga Kecil 2015, on 27 April 2015 at the Dewan Perdana Keramat Mall, Kuala Lumpur, and Walkabout Night Bazaar on 10 December 2015 in Uptown Kota Damansara. As SSM had set up booths in these venues to assist traders to register or renew their business licences, there was tremendous response to these outreach programmes from the traders.

In addition, SSM believes in nurturing the entrepreneurial talents of our youth and convince them of the value of being involved in business by continuous efforts to encourage, educate and nurture budding entrepreneurs. This is achieved by participating in events or outreach programs specifically organised to get youth interested in business while still pursuing their education. Amongst the several major events that SSM participated in order to achieve this goal was as an exhibitor in the *"Seminar Keusahawanan Muda Komuniti Parlimen Cheras"* on Saturday, 17 January 2015 at Dewan Komuniti Cheras, *"Konvensyen Keusahawanan Anak Muda Negeri Pulau Pinang"* on Sunday, 17 May

SSM plans to intensify its surveillance, monitoring and enforcement efforts and at the same time, will continue with its soft approach of educating and engaging our stakeholders such as company secretaries, officers and directors of companies to promote a clear understanding of their duties and responsibilities in achieving voluntary and continuous compliance.

2015 at *Kompleks Masyarakat Penyayang*, Penang, "BAHTERA - Bumipreneurs of Tomorrow" from 19 to 20 August 2015 at the Kuala Lumpur Convention Centre, "*Karnival Kerjaya dan Keusahawanan MARA*", from 12 to 13 September 2015 at Kuala Lumpur and "1 ASEAN Entrepreneurship Summit (1AES)" from 21 to 22 November 2015 at Kuala Lumpur.

Our state offices throughout Malaysia have on their part been very active in conducting corporate tea talks, engaging with company secretaries, and conducting outreach programmes and awareness programmes. These activities constitute an extension of our efforts to widen the scope of reaching out to the widest possible audience in view of the diverse geographical location of businesses and practitioners involved in business and company administration. It is our aim to ensure that all stakeholders no matter their geographical location receive the same care and attention with regard to the dissemination of any information, updates on the latest developments in regulations or enforcement matters, or incentives and awareness of assistance offered to petty traders and small businesses. We are aware that previously due to infrastructure constraints and accessibility, only certain locations within the country had an inherent advantage. SSM has also been active in order to coordinate and expand our outreach to the entire nation. This is to ensure that no geographical location is neglected and that the population in the rural areas benefit from the awareness programmes in relation to the conduct of business, technical and enforcement matters, and nurturing of entrepreneurship amongst students. A total of 32 programmes were organised by our state offices throughout 2015 which consisted of corporate tea talks, refresher courses for company secretaries on statutory documentation, awareness programmes on enforcement, and programmes on development of entrepreneurship amongst students.

During the year, SSM successfully and aggressively pursued wide ranging enforcement actions covering offences relating to misconduct and breaches of legislations under its purview. In addition, our close networking and cooperation with our fellow regulatory agencies led to success through the synergistic benefits that comes with working together and pooling skills and resources. In addition, our investments in technology enabled us to successfully utilise technology to monitor

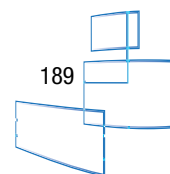
compliance and take swift action in instances of non-compliance, thus shoring up overall confidence in doing business in Malaysia.

In 2015, the compliance rate stood at 93% compared to 92% in 2014. It is encouraging to note that the compliance rate continues its current upward trend over recent years, reflecting a corporate environment where companies are making a conscientious effort to comply with corporate regulations. Corporate compliance means having controls, internal policies and procedures designed to prevent and detect violations of applicable laws, regulations, rules and ethical standards by employees, agents and others. It involves legal risk management and internal controls. At the same time, companies have to tread the fine line between corporate compliance and cost containment in applying corporate compliance principles.

With the aim of improving the level of compliance and inculcating a compliance based culture and taking into account the financial outlay that may be imposed on businesses to settle outstanding compounds, discounts were offered for all outstanding compounds between September to December 2015. This resulted in a total of 256,693 compound notices being settled for the year 2015, a 22.4% increase over the previous year (2014: 209,664).

In our bid to strengthen enforcement actions, SSM adopted a more focused strategy in monitoring and ensuring good governance and business ethical practices as well as curbing involvement in money laundering and terrorist financing activities in Malaysia. Towards this end, SSM plans to intensify its surveillance, monitoring and enforcement efforts and at the same time, will continue with its soft approach of educating and engaging our stakeholders such as company secretaries, officers and directors of companies to promote a clear understanding of their duties and responsibilities in achieving voluntary and continuous compliance.

I believe it is important to generate public awareness on not only SSM's products and services, but also all other initiatives undertaken to create a business environment which is conducive for the nation. SSM continues to have an excellent working relationship with the media and local radio stations who continue to ensure good media coverage of our wide ranging initiatives.



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

We do not believe in resting on our laurels. Change is constant and we have to change accordingly or be left behind and become irrelevant. Admittedly, SSM has seen vast improvements in its capacity and capability building since its establishment, but due to its multifaceted roles, SSM continues to face challenges to keep pace with stakeholders' expectations which stem from the underlying pressure emanating from social, economic and technological advancements. Furthermore, SSM needs to maintain its relevance as the catalyst for growth of the domestic corporate community and enable it to compete in the ever evolving global economic environment.

In recent years, there have been increased expectations for efficient public service delivery. Since the formation of SSM, the public has become increasingly aware of the quality of the services they receive and the choices available to them. The need to respond to technological changes, especially in public service delivery, has burdened SSM with escalating operational costs.

Increasing operational costs has come with stakeholders' demand for a more efficient, transparent and better customer-oriented service delivery and the provision of solutions to more complex business issues while retaining their existing social entitlements. The major challenge for SSM is to seek new avenues

to meet these demands while maintaining a balance between the constraints of tight expenditure limits and stakeholder expectations. Thus in the next few years, SSM expects to face some of its toughest challenges yet as a registrar in a rapidly changing economic environment both domestically and globally.

The year 2015 has not been exactly smooth sailing as SSM had to face enormous challenges where decisive actions had to be taken with great determination and focus. I believe SSM will continue to make good progress towards its vision of making Malaysia the trusted and preferred place for doing business through effective registration, information, regulation and advice.

Last but not least, I would like to express my gratitude to the Honourable Minister, Chairman and members of the Commission for their valuable advice as well as to the Executive management team for their continued efforts and support. I would also like to put on record my deep appreciation to SSM employees for their commitment to our vision and to our ever responsive stakeholders. Our employees are our most valuable asset, many of whom have dedicated almost their entire working lives at SSM. Mainly due to their efforts, we have grown and emerged as a self-regulating, autonomous corporate regulator of domestic and internationally renowned.

I am confident, SSM with the support of dedicated and talented team or employees will continue to make great strides in the years ahead.

DATO' ZAHRAH ABD WAHAB FENNER

Chief Executive Officer

Companies Commission of Malaysia



COMPANIES COMMISSION OF MALAYSIA (SSM) COMMISSION MEMBERS

COMPANIES COMMISSION OF MALAYSIA (SSM) COMMISSION MEMBERS



1 YBhg. Dato' Zaidon bin Haji Asmuni

2 YB Tuan Abdullah Haji Saidol

3 Dato' Sri Alias bin Haji Ahmad
(Chairman)

4 YBhg. Datuk Seri Syed Ali bin Tan Sri Syed
Abbas Alhabshee

5 YB Datuk Datu Nasrun bin
Datu Mansur



6 YBhg. Dato' Othman bin Semail

7 YBhg. Dato' Zahrah Abd Wahab Fenner

8 YBhg. Prof. Dato' Dr. Aishah Bidin

9 YB Dato' Ikmal Hisham bin Abdul Aziz

10 YBhg. Dato' Sri Robin Tan Yeong Ching

YBhg. Dato' Sri Alias Bin Hj. Ahmad

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

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

YBhg. Dato' Zaidon Bin Hj. Asmuni

YBhg. Dato' Zaidon bin Hj. Asmuni holds a Bachelor Degree in Social Science (Hons) from Universiti Sains Malaysia and was appointed as a Commission Member effective 15 October 2014. He began his career as a Diplomatic Officer in 1981 in the Ministry of Home Affairs. He had served within various divisions of the Ministry. Dato' Zaidon was the Director of the Administration Division of the Immigration Department of Malaysia, and was later appointed as the Director General of the People's Volunteer Corps (RELA). He was then appointed as the Deputy Secretary General (Strategic) of the Ministry of Youth and Sports. Dato' Zaidon is currently the Deputy Secretary General (Administration) of the Ministry of Domestic Trade, Co-operatives and Consumerism.

YBhg. Datuk Seri Syed Ali Bin Tan Sri Syed Abbas Alhabshee

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

YBhg. Dato' Zahrah Abd Wahab Fenner

YBhg. Dato' Zahrah Abd Wahab Fenner is the Chief Executive Officer (CEO) of Companies Commission of Malaysia (SSM). Prior to her appointment as CEO on 1 January 2015, she held the post of Deputy Chief Executive Officer (Services) (DCEO Services). Dato' Zahrah graduated with a Bachelor of Accounting (Hons) degree from Universiti Kebangsaan Malaysia (UKM), is a member of Malaysian Institute of Accountants and is a Chartered Accountant (MIA). She is also a member of the Approval and Implementation Committee of the Iskandar Regional Development Authority (IRDA) and a council member of the Malaysia Institute of Accountants since 16 July 2011. When she was serving as the DCEO (Services), she spearheaded the Corporate Resource Division, Information Communication & Technology, SSM Training Academy (COMTRAC) and the Public Affairs Section.

Dato' Zahrah began her career as an Advisor Accountant with the Royal Malaysian Customs and Excise Department and served the department from 1984 to 1992 where she advised on matters relating to valuation and standard international practices of the open market. Between the years 1992 to 1995, Dato' Zahrah was attached to the Ministry of Foreign Affairs as the Principal Accountant and she was responsible for financial accounts and auditing of the Malaysian Embassies and High Commissions worldwide. Later she joined the Registrar of Companies in 1995 and served as Chief Accountant until 16 April 2002. When SSM was formed as a result of a merger between the Registrar of Companies (ROC) and the Registrar of Businesses (ROB), Dato' Zahrah was appointed as DCEO (Services) of SSM and she held the post until 2014.

YB Datuk Datu Nasrun Bin Datu Mansur

YB Datuk Datu Nasrun bin Datu Mansur was appointed as a Commission Member effective 1 December 2013 until 30 November 2015. He holds an LLB (Hons) Degree from the University of Malaya. He is the Chairman of POIC Sabah Sdn. Bhd. and Deputy Chairman of Pertubuhan Islam Seluruh Sabah (USIA). YB Datuk Datu Nasrun is the Member of Parliament for P.188 Silam.

YB Abdullah Hj. Saidol

YB Abdullah Hj. Saidol was appointed as a Commission Member effective 2 January 2015. He is a law graduate from ITM (UiTM) and has 20 years of experience in the corporate sector. He was formerly attached to the Bursa Saham Kuala Lumpur (KLSE) and the Research Institute of Investment Analysis Malaysia (RIAAM). YB Abdullah is the State Assemblyman for Semop, Sarawak.

YBhg. Prof. Dato' Dr. Aishah Bidin

Prof. Dato' Dr. Aishah was appointed as a Commission Member effective 1 January 2011. She is a Professor of Corporate and Insolvency Law of the Law Faculty at 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 expertise also include energy law and corporate regulation. Prof. Dato' Dr. Aishah has written for various local Malaysian and British academic journals on company, securities and insolvency law. Prof. Dato' 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.

Prof. Dato' Dr. Aishah was a member of the Malaysian Corporate Law Reform Steering Committee (CLRC). She was the former 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), Executive Council Member of International Centre for Law and Legal Studies (I-Cells), Attorney General Chambers of Malaysia, a former member of the Board of Directors of Yayasan Bantuan Guaman Kebangsaan and a member of the Intellectual Property Advisory Board of UKM. Prof. Dato' Dr. Aishah also serves as a Commissioner for the Human Rights Commission of Malaysia (SUHAKAM).

YBhg. Dato' Othman Bin Semail

YBhg. Dato' Othman bin Semail holds a Masters Degree in Financial Management and was appointed a Commission Member effective 2 January 2015. He began his career in the public service in 1982 as an Assistant Agriculture Officer in RISDA. He had served as an Administrative and Diplomatic Officer of the Ministry of Primary Industries, and is currently serving the Ministry of Finance. Dato' Othman bin Semail is the Deputy Under Secretary of the Government Procurement Policy & Accreditation Sector of the Government Procurement Division, before assuming the post of Secretary of the Government Procurement Division.

YB Dato' Ikmal Hisham Bin Abdul Aziz

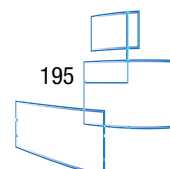
YBhg. Dato' Ikmal Hisham bin Abdul Aziz was appointed as a Commission Member effective 1 December 2015. He graduated from the University of Tennessee, USA with a Bachelor of Science in Civil Engineering. Dato' Ikmal Hisham is currently the Chairman of MARA Incorporated Sdn Bhd, a subsidiary of MARA. He is also the Managing Director of Noble Twin (M) Sdn Bhd. and TJM Sdn Bhd. Previously, he acted as an independent Director of Taiping Super Berhad and OSK Property Holdings Berhad, and the Chairman of Audit Committee of OSK Property Holdings Bhd for more than 4 years. Dato' Ikmal Hisham is currently the Member of Parliament for Tanah Merah since 2013.

YBhg. Dato' Sri Robin Tan Yeong Ching

YBhg. Dato' Sri Robin Tan Yeong Ching had served as a Commission Member effective 16 January 2014. He graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995.

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

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



COMPANIES COMMISSION OF MALAYSIA (SSM) COMMISSION MEMBERS

The Commission Members are appointed by Minister of Domestic Trade, Co-operatives and Consumerism as provided for under section 6 of the Companies Commission of Malaysia Act 2001. The Commission Members are selected from among senior government officers, legal practitioners, professionals and prominent corporate figures with distinguished records. These outstanding members are entrusted with the responsibility of governing, guiding and steering the direction of SSM. Over the years, valuable advice and guidance from the Commission Members have been a prominent factor in SSM's outstanding achievements and standard setting in the corporate sector. During the year, the Commission Members had convened a total of nine (9) meetings to consider and approve various important matters including long term plans, strategic initiatives and review of the established key performance indicators (KPI). The Commission Members viewed good governance and best practices as of utmost importance and that these principles should be intrinsic to various functions and duties implemented by the SSM Management.

Details of meetings held for the year 2015 are as follows:

Members	78th Meeting	79th Meeting	80th Meeting	Special Meeting 1/2015	81st Meeting	82nd Meeting	83rd Meeting	Special Meeting 2/2015	84th Meeting	Total Attendance
YBhg. Dato' Sri Alias bin Hj. Ahmad										9/9
YBhg. Datuk Seri Syed Ali bin Tan Sri Syed Abbas Alhabshee										9/9
YBhg. Prof. Dato' Dr. Aishah Bidin										8/9
YB Datuk Datu Nasrun bin Datu Mansur										6/8
YBhg. Dato' Sri Robin Tan Yeong Ching										5/9
YBhg. Dato' Zaidon bin Haji Asmuni										8/9
YB Tuan Abdullah Haji Saidol										7/9
YBhg. Dato' Othman bin Semail										8/9
YBhg. Dato' Zahrah Abd Wahab Fenner										9/9
YB Dato' Ikmal Hisham bin Abdul Aziz										1/1

Attended



Not Present



EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT



**YBhg. DATO' ZAHRAH
ABD WAHAB FENNER**
CHIEF EXECUTIVE OFFICER

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

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

She began her career as an Advisor Accountant with the Royal Customs and Excise Department and served the department from August 1984 to April 1992. During this tenure, she advised on matters relating to valuation and standards of international practice in open markets. From May 1992 to July 1995, she was attached to the Ministry of Foreign Affairs as Principal Accountant and was responsible for overseeing financial accounts and auditing of the Malaysian Embassies and High Commissions worldwide.



KHUZAIRI YAHAYA
DEPUTY CHIEF EXECUTIVE
OFFICER (OPERATIONS)

Khuzairi Yahaya was appointed as the Deputy Chief Executive Officer (Operations) with effect from 15th March 2015. He oversees functions of the Registration Services Division, Marketing & Business Development Division, Corporate Development and Policy Division, and Information and Communications Technology Division. He is also leading the SSM Transformation Program. Since 2010, he has been holding the portfolio of Director of Information and Communications Technology Division. Khuzairi Yahaya holds a Bachelor of Science in Management (Minor in MIS), Purdue University, USA. He began his career with Information and Communications Technology Division, Securities Commission where he served for nine years. He was appointed General Manager of Information and Communications Technology Department in 2003 and then as Director of Internal Audit in 2007.

Rosli Haji Ahmad was appointed as the Deputy Chief Executive Officer (Services) with effect from 15th March 2015. He oversees the functions of Corporate Resources Division, Training Academy (COMTRAC), Public Affairs Section and Branch Operations which is responsible for the supervision and monitoring of 14 state offices and four branch offices. Rosli Haji Ahmad holds a Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia. He was first appointed as Assistant Registrar of Companies in 1985 and in 1990 was the branch manager of Labuan. In 1992, he became the branch manager for Pahang and Melaka. He was then transferred to the ROC office as the Head of Unit for Administration and Finance. Rosli was also involved in the SSM Set-Up Committee between 1999 and 2002. Thereafter, he was appointed as the State Director of SSM Melaka in 2004 and in 2006 as State Director of SSM Johor. In 2008 he was promoted to Director of Compliance Division and on 4th February 2014 as the Director of Registration Services Division.



ROSLI AHMAD
DEPUTY CHIEF EXECUTIVE OFFICER
(SERVICES)

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



RASID SUDIN
SENIOR DIRECTOR
ENFORCEMENT

EXECUTIVE MANAGEMENT



NOR AZIMAH ABDUL AZIZ

Director
Corporate Development And Policy
Division



AMIR AHMAD

Director
Companies Commission of Malaysia
Training Academy (COMTRAC)



AZNORASHIQ MOHAMED ZIN

Director
Registration
Services Division



MUHAMAD FARIS OTHMAN

Director
Investigation Division



REZY IZWAN RAMLY

Director
Compliance Division



KU HAYATI KU HARON

Director
Legal Services Division



AZIZAH ROHANI

Director
Information and Communication
Technology Division



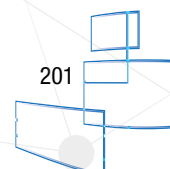
**ZARINA
ABDUL SAMAD**

Director
Corporate Resources Division

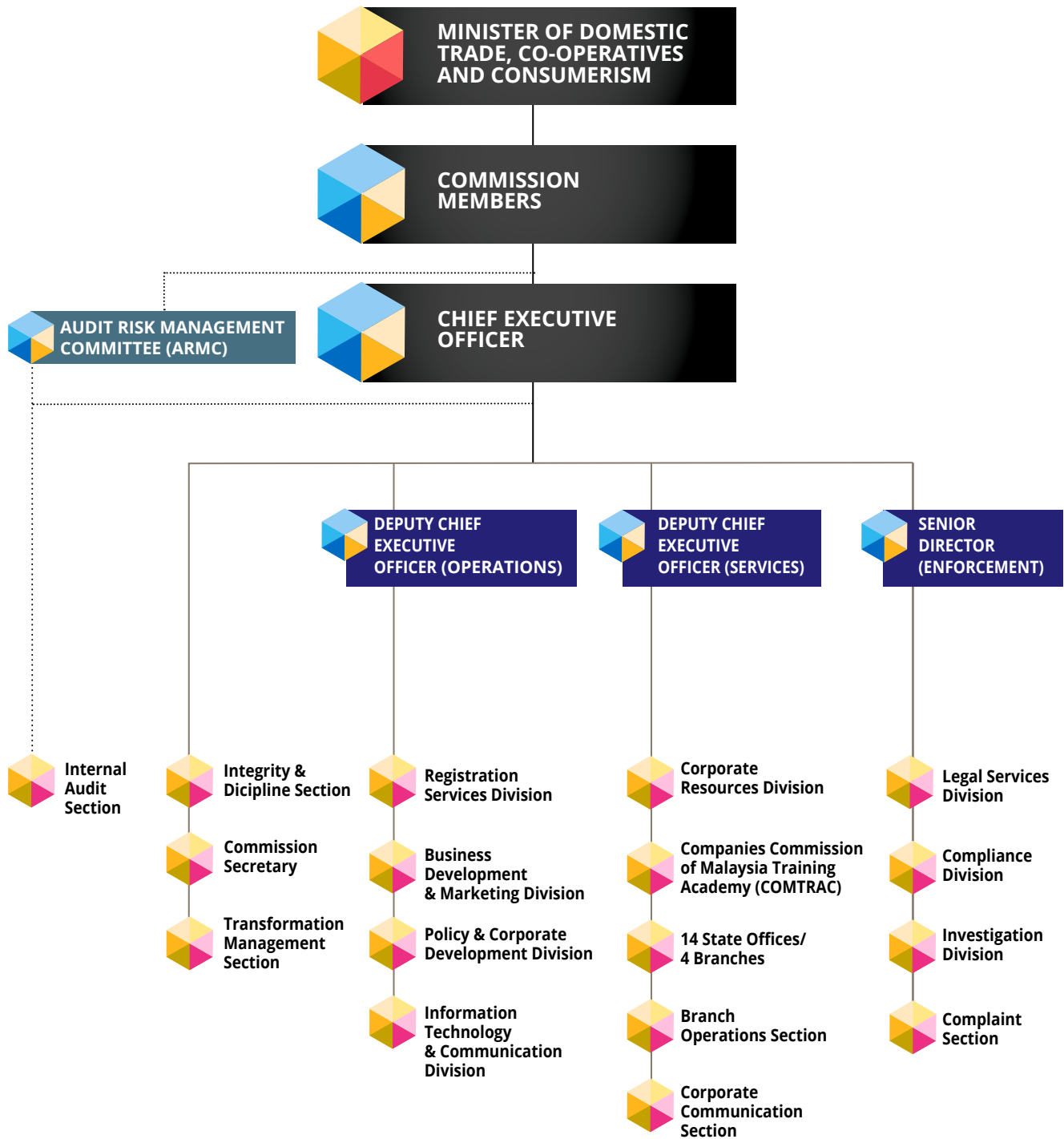


FARID AHMAD

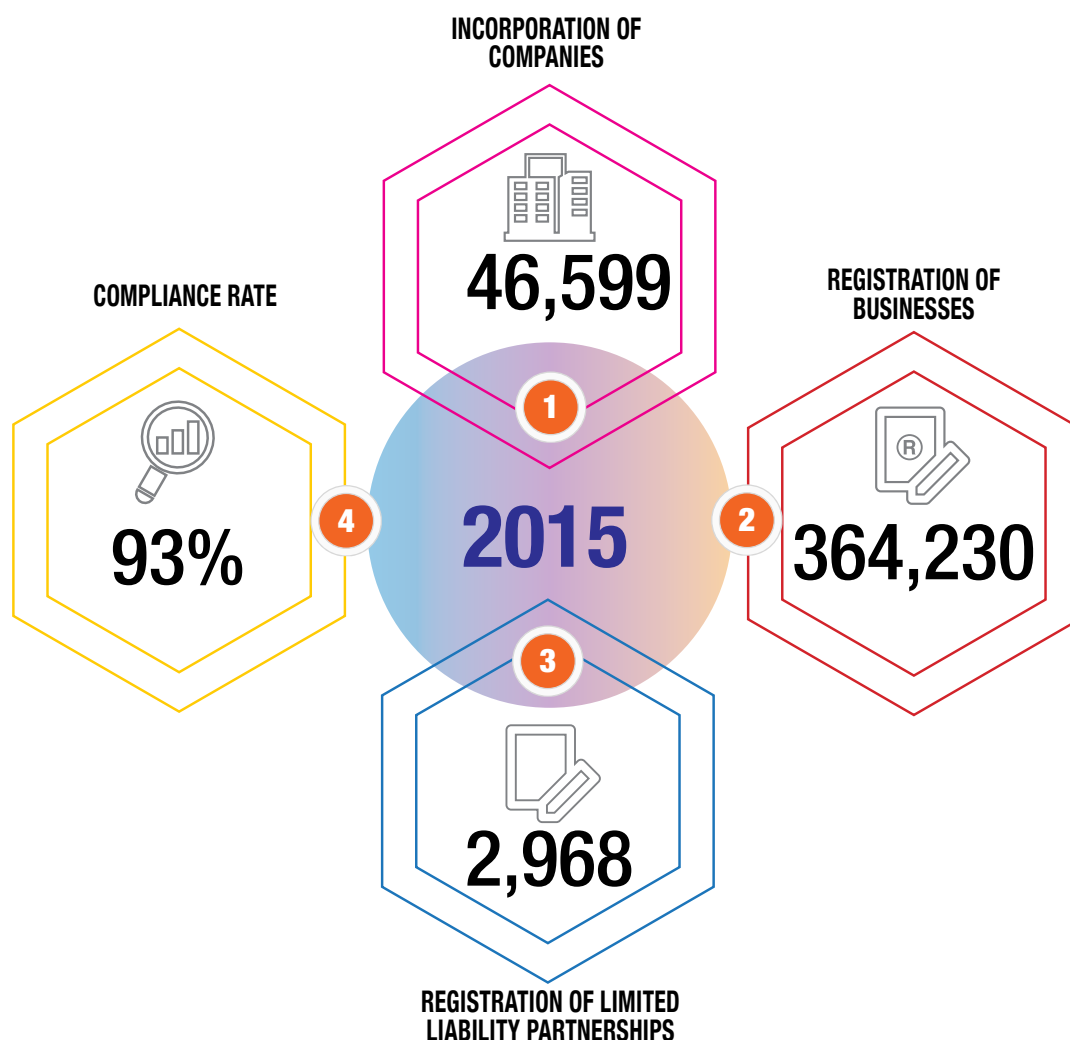
Director
Marketing and Business
Development Division



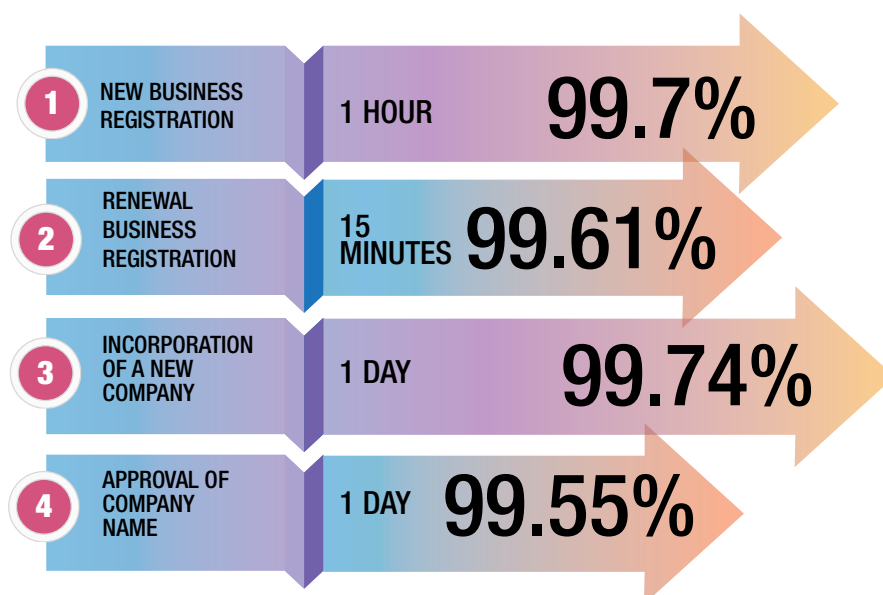
ORGANISATION CHART



SSM'S KEY STATISTICAL INFORMATION AT A GLANCE



SSM'S CLIENT CHARTER



WORLDWIDE USERS OF **e-Info**

SSM e-Info Services



UNITED KINGDOM
5,814

UNITED STATES
13,395

INDIA
18,449

SINGAPORE
40,326

AUSTRALIA
5,714

MALAYSIA
1,489,155

CHINA
2,029

HONG KONG
26,397

JAPAN
3,661

PHILIPPINES
3,722

OTHERS
46,414



2015 ECONOMIC REVIEW AND SSM'S KEY STATISTICAL ANALYSIS

2015 ECONOMIC REVIEW AND SSM'S KEY STATISTICAL ANALYSIS

In 2015, the global economy experienced moderate growth with modest contributions from advanced economies and to a lesser extent from emerging markets and developing economies. Economic activities in advanced economies such as the United States (US) and the United Kingdom (UK) will continue to support the expansion of global economic activities; there is also the much anticipated recovery in the Euro area and Japan. Monetary and fiscal policies that are supportive of the Euro area and Japan, decline in oil prices, and improving consumer confidence and labour market conditions in the US and Euro area are some of the factors that have contributed to the growth in advanced economies.

On the other hand, low oil prices and commodity prices are likely to have a dampening effect on emerging markets and developing economies, particularly the commodity exporters while China's economic growth is foreseen to slow down after experiencing rapid credit and investment expansion in recent years. However, steady growth among ASEAN countries has helped to cushion the dampening effect on the overall global economy.

Global economic growth was marginal with an increase of 0.5% to 3.1% in 2015. Although global growth at a moderate pace is expected to continue into 2016, there exist several downside risks, namely capital market volatility, currency depreciation in emerging markets and developing economies, capital outflows and a likely increase in US interest rates.

Close collaboration with regional and international organisations is an imperative to improve market efficiency, mitigate negative spill-overs and manage major risks to achieve sustainable and balanced growth. Hence, Malaysia has achieved better policy coordination and subsequent broader and deeper economic integration through collaboration with the regional economies of ASEAN and APEC. In the same way, Malaysia benefitted from advisory services and capacity building initiatives through engagements with

international organisations such as the International Monetary Fund (IMF), World Bank Group (WBG), Asian Development Bank and Islamic Development Bank. At the same time, Malaysia facilitated the establishment of the Asian Infrastructure Investment Bank as part of efforts to support infrastructure development in Asia. To forge bilateral ties, free trade agreements have been inked with the objective of streamlining rules and regulations as well as encouraging more trade and investment. These initiatives will accelerate economic growth towards achieving the status of a high income nation.

In this regard, within a rapidly changing economic environment, the International Monetary Fund (IMF) has been constantly promoting economic and financial stability globally. IMF also collaborates with Malaysia to provide technical assistance (TA) and training for capacity building of the public sector in several areas such as the Goods and Services Tax (GST), Outcome-Based Budgeting and capacity building in Fiscal Analysis and Forecasting. Further the IMF and Malaysia completed the Tax Administration Diagnostic Assessment Tool (TADAT) in August 2015 to allow for an objective assessment of the relative strengths and weaknesses of the country's tax administration system which covers core taxes that include corporate tax, personal income tax and value added taxes (GST).

In Malaysia, the WBG remains committed to supporting member countries, especially developing economies in alleviating extreme poverty and promoting shared prosperity with greater equity in areas of capacity building and knowledge sharing activities. Malaysia has been collaborating with WBG in a number of advisory services on various areas such as economic and financial management, human capital development and competitiveness, so critical for further development through the Reimbursable Advisory Services Agreement (RAS).

WBG has offered RAS programmes to its clients in more than 40 countries since the 1970s, especially

for the middle and high-income countries. RAS is an instrument developed to deliver specific assistance to eligible clients requiring services that cannot be fully funded from the Bank's country programme, such as customised technical assistance on a cost basis, either as a stand-alone or to complement an existing programme.

During the year, several challenges facing the global economy such as the accelerated slowdown in some emerging economies, a sharp and prolonged decline in commodity prices, volatility in financial markets as well as the looming monetary policy normalisation in the US are part of the downside risks. Given the high degree of openness of the Malaysian economy and financial system, it is essential that Malaysia manages its macro economy well by giving emphasis to managing the impact of external vulnerabilities, strengthening the resilience of the economy and looking after the well-being of the rakyat as the economy is not entirely cloistered from negative elements.

The Government's on-going transformation initiatives and preventive measures have somewhat mitigated the effects of weaker external demand on the domestic economy and have enabled the economy to register a commendable growth of 5% in 2015 (2014: 6%) despite the gloomy global economic outlook. The growth was underpinned by resilient domestic demand and supported by private investment and private consumption. On-going progress of existing projects and new investment projects in the services and manufacturing sectors, particularly in export-oriented industries, contributed positively to the growth in the current year.

The public sector continued to provide support despite steps being taken to reduce fiscal deficit and introduce cost cutting measures against discretionary spending by the public sector. Sustained growth in public consumption was observed during the year. Public investment improved due to higher capital spending by public corporations and the public sector.

During the year, the external trade recorded a trade surplus, aided by manufactured and commodity products with the external sector remaining resilient throughout 2015.

Domestic demand underpinned economic growth despite growth averaging at 5.1% (2014: 5.9%). The lower rates are due to the slowdown in growth in the private sector while public sector expenditure improved slightly following a smaller contraction in public investments.

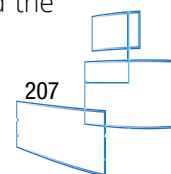
Meanwhile, the increased costs of living due to the implementation of the Goods and Services Tax (GST), depreciation of the Ringgit and the inflationary price of household items resulted in households adjusting their spending. Hence private consumption grew moderately at 6.0% (2014: 7.0%) during the year.

Public consumption showed a marginal decline of 0.1% to 4.3% (2014: 4.4%) due to the public sector cost cutting efforts which brought about lower spending in the public sector in the human capital and employment segment. Nevertheless, total spending on supplies and services was higher during the year, supported by maintenance and communication and utilities.

On the other hand, private investment recorded a slower growth of 6.4% (2014: 11.0%), slowed down by moderate business sentiments. While investments in new oil and gas explorations moderated in 2015, investments in downstream activities remained commendable as reflected by capacity expansion in the petrochemical manufacturing and oil storage facilities. The overall investment performance continued to be supported by the progress of new and on-going projects in the manufacturing and services sectors.

Private investment in the manufacturing sector (24%) expanded further, supported by export-oriented industries which benefited from the demand for manufactured goods. In the services sector, 51% of private investment was supported by capital expenditure in the distribution trade, transport and storage and tourism-related sub-sectors.

Public investment recorded marginal improvements towards the end of 2015 due to higher spending by public corporations and the public sector following the near completion of several large projects that were undertaken by public corporations in the earlier part of the year. As a result, public investment recovered marginally to -1.0% (2014: -4.7%) and the



bulk of the development expenditure by the public sector was directed into economic sectors to enhance the competitiveness and productive capacity of the economy. Projects of significance which involved developing transportation infrastructure and facilities upgrade were given priority to stimulate trading and economic activities, especially in the regional economic corridors.

Similarly, to enhance the social services sector, capital spending was given precedence to enhance and improve essential services that included better education and housing services. Public corporations continued to carry out economic activities that required capital expenditure to expand and diversify their business activities, especially in the oil and gas, transportation and utilities sub-sectors, thereby giving support to the overall economy.

Malaysia's external sector continued to be resilient despite the prevailing uncertainty in the global economic environment. Larger deficits in the services and secondary income accounts reduced the current account surplus but continued to be supported by a commendable trade surplus. During the year, external trade showed divergent trends with slow demand for commodities and declining commodity prices resulting in a reduction of 3.1% in Malaysia's gross exports in the first half of the year. Subsequently, export growth rebounded to 6.8% in the second half of the year due to higher demand for manufactured products and commodities and the upbeat effect of the depreciation of the Ringgit.

The global economy is expected to move at a modest pace in 2016 but remains vulnerable to significant downside risks arising from high uncertainty in the prices of global commodities and unforeseen financial market adjustments. Further growth in advanced economies is expected to proceed at a slow and uneven pace while emerging economies are expected to recover from the negative pressure from external demand seen in 2015.

The international economic and financial landscape will be challenging and this will have a significant impact on the prospects of the Malaysian economy for 2016. The resilience of global economic growth and the direction of global oil prices will have important

inferences for the growth of the Malaysian economy. Nevertheless, Malaysia will confront these challenges from a position of strength, supported by an existing diversified structure, strong fundamentals and policy flexibility that are driven by strong domestic demand. Therefore, the growth of the Malaysian economy is anticipated to remain positive and average out at 4.5%.

REGISTRATION OF BUSINESSES

Registration of new businesses saw an upsurge in 2015 by 9.5%, rising to 364,230 in 2015 compared to 332,723 in 2014 and boasts an accumulation of 5,998,331 businesses registered in SSM to date. This achievement is highly attributed to the relentless outreach programmes such as Carnival Online Networking Entrepreneur (SSM ONE), SSM Walkabout and several others. This upsurge gave SSM the impetus to embark on various other initiatives such as expanding the UTCKL office to facilitate growth in the number of visitors keen to register their businesses and even introduce ezBiz to ease renewal of businesses. Further observation shows how the business communities in Malaysia are now moving away from the traditional brick and mortar method of doing business and leaning towards the online method as it has gained traction and is gaining steady popularity among consumers. According to a recent survey conducted by the Department of Statistics Malaysia, 15.3% of households in Malaysia or approximately 4.8 million Malaysians use e-commerce to purchase or order goods and services. Concurrently, 28,136 businesses in Malaysia are registered with the objective of offering for sale any kind of product over the Internet. This is a clear indication that the business community is quick to adapt to marketing changes based on consumer demand.

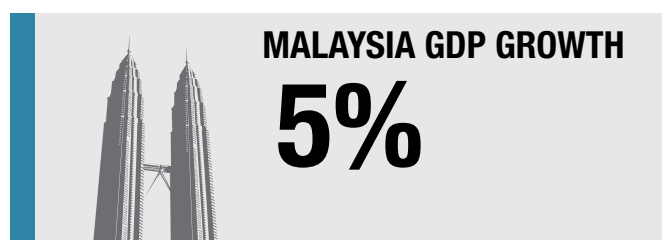
Business Registration

Transactions	2015	2014	2013
New Registration	364,230	332,723	329,895

INCORPORATION OF COMPANIES

Transactions	2015	2014	2013
New Incorporation	46,599	49,203	46,321

The global economy grew at a modest pace of 2.8% with a 0.2% increase in growth over the previous year. However, despite adverse external shocks, the lingering effects of the global financial crisis and a sharp decline in oil prices in 2015, the Malaysian economy performed commendably, registering a growth of 5% in 2015 (2014: 6%). The positive economic achievement was reinforced by strong macroeconomic fundamentals, a diversified economic structure as well as a sound financial system.



The commendable growth was supported by resilient domestic demand and strengthened by a strong recovery in exports. The fall of the Ringgit against major currencies such as the US dollar and the Euro had had the effect of boosting exports as it made our goods and services more attractive. Economic stimuli were put in place to:

- (i) sustain the economy's strong growth momentum;
- (ii) strengthen public finances;
- (iii) enhance human capital; and
- (iv) intensify urban and rural development.

Several strategies were outlined with accompanying programmes and projects being carried out to revitalise economic activities in the services sector, draw investments into the regional growth corridors such as Iskandar Malaysia, Northern Corridor Development Project under the Northern Corridor Economic Region (NCER), the East Coast Development Project under the East Coast Economic Region (ECER), Sabah Development Project under the Sabah Development Corridor (SDC) and Project Development Central Sarawak under the Sarawak Corridor of Renewable Energy (SCORE).

Recognising the important role of the SMEs in the economy, they were encouraged to move up the



value chain through productivity enhancement measures. A sum of RM110 million was allocated under the Soft Loans for SME Programmes and the Lean Transformation Programme. This programme provided SMEs with techniques and practical approaches to reduce cost and increase productivity. Besides development initiatives, training funds were allocated for specialised industries such as creative multimedia, tourism, robotics, machinery and manufacturing.

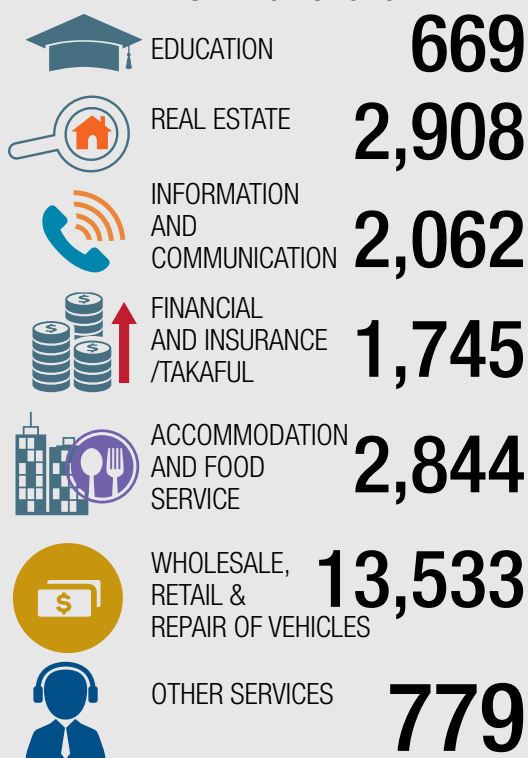
In addition, various initiatives such as the on-going implementation of programmes and projects under the Tenth Malaysia Plan (10MP) together with the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) have resulted in significant economic gains resulting in a commendable increase in the number of companies incorporated during 2015.

The number of companies incorporated in 2015 was 46,599 (2014: 49,203) with 46,542 local (2014: 49,144) and 57 foreign (2014: 59). This represented a decrease of 5.3% from the total number of companies incorporated in the previous year and a decrease of 3.4% for foreign companies incorporated compared to the previous year.

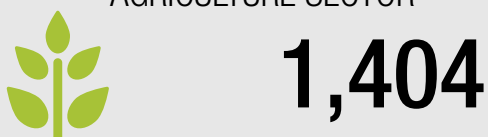
In view of the stringent enforcement conducted by SSM on non compliance with the provisions of the Companies Act 1965 coupled with the cost tightening measures put in place by the corporate sector, it appears that companies were only incorporated where deemed a necessity. The existence of the Limited Liability Partnership (LLP) as an alternative form of business entity, led to most partnerships opting to incorporate an LLP rather than a company to carry out their business operations.

Companies Incorporated According to Business Category based on Malaysia Standard Industrial Classification 2008 (MSIC 2008) for 2015

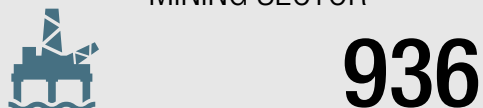
SERVICE SECTOR



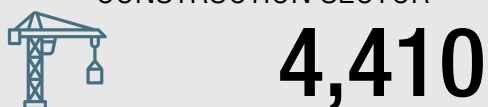
AGRICULTURE SECTOR



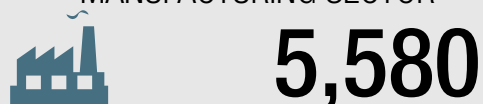
MINING SECTOR



CONSTRUCTION SECTOR



MANUFACTURING SECTOR



INCORPORATION OF COMPANIES BASED ON SECTORS

Services Sector

In 2015, the services sector enjoyed a growth rate of 2.8% and contributed 53.5% to the GDP. The total number of companies in this sector has, however, seen a significant decrease of 10.8% to 24,540 (2014: 27,514). Despite reduction in new companies incorporated, the services sector had expanded at a moderate rate of 5.1% (2014: 6.3%).

The services sector comprises education, 669 (2014: 579), real estate activities, 2,908 (2014: 3,284), financial and insurance/takaful, 1,745 (2014: 2,014), information and communication, 2,062 (2014: 1,942), accommodation and food service activities, 2,844 (2014: 2,671), wholesale and retail trade, repair of motor vehicles and motorcycles, 13,533 (2014: 16,089), and other service activities, 779 (2014: 935).

For 2015, growth of the services sector was weighed down by moderate growth in the consumption-related sub-sectors and a contraction in the finance and insurance sub-sector. Growth in the consumption-related sub-sectors, particularly the retail and motor vehicles segments, decreased in line with the slower growth in household spending. The finance and insurance sub-sector registered a small contraction, due mainly to lower fee-based income caused by the weaker capital market activity and lower insurance premium growth during the year. In contrast, the information and communication sub-sector remained robust, driven by strong demand for data communication services and devices. Growth was further supported by better performance of the wholesale segment and the transportation and storage sub-sector which benefited from increased trade-related activities.

The introduction of the Goods & Services Tax (GST) in April 2015 affected the accommodation and food service as well as the motor vehicle repair industry sub-sectors. The motor vehicle repair industry had also to cope with a fluctuating Ringgit which affected the pricing of spare parts and components, a key input cost to that particular sub-sector. Moderate growth

in consumer related spending on food was due to processed and gourmet food items being subject to GST, compounded by exposure to the variations of exchange rates as food items are primarily imported.

The services sector will continue to expand in 2016, albeit at a more moderate rate. Growth in consumption related sub-sectors such as retail trade, food and beverages and accommodation is anticipated to moderate in tandem with a slower growth in private consumption. In contrast, the information and communication sub-sector is expected to register robust growth as demand for data communications services remains strong. The transportation and storage sub-sector will continue to expand, benefiting from higher trade activity. The performance of the finance and insurance sub-sector is expected to remain weak, in line with the more moderate loan growth and slower capital market activity in view of the prevailing lower trading forecast.

Agricultural Sector

Overall, in 2015, the Agricultural Sector in Malaysia recorded a moderate growth of 1% (2014: 2.6%) with the number of companies incorporated in this sector decreasing to 1,404 this year (2014: 1,424).

Widescale flooding in Peninsular Malaysia followed by the drought in mid-year had a significant effect on agricultural production. The slight decrease was mostly attributable to the lower prices of commodities as well as the time period required for plantations such as palm oil to generate revenue given the prevailing commodity prices.

The agriculture sector is vulnerable to labour shortages because of its high dependence on foreign labour. As local labour remains reluctant to enter agriculture due to the relative attractiveness of the manufacturing and services sectors, the agriculture sector's dependence on foreign labour has reached critical levels. Oil palm, the largest agriculture sub-sector, is particularly labour intensive with few prospects for effective mechanisation. On a related note, the imposition of the current minimum wage policy for domestic and foreign labour will have a major impact across the oil palm and rubber sub-sectors, among others. As productivity in the agriculture sector is

only 38% that of the manufacturing sector, the cost of hiring labour will increase if the minimum wage does not commensurate with increases in labour productivity.

Initiatives such as the establishment of the Food and Agro Council for Export (FACE) are expected to boost exports and output of fruits given the more favourable exchange rates of the Ringgit.

Agriculture production particularly in the commodity sector is expected to record a marginal contraction in 2016. This is largely due to lower palm oil yields following the hot and dry weather conditions brought about by the strong El Nino weather phenomenon and the continuing sluggish demand for the commodity.

Mining Sector

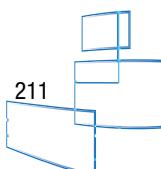
For 2015, the number of new companies incorporated in this sector was 936 (2014: 1,133), a decrease of 17.4%. However, the mining sector recorded a 4.7% growth rate (2014: 3.1%) in the Malaysian economy in 2015. This was driven by increased production of crude oil and natural gas, primarily in the second half of this year as well as the coming on stream of production from new oil fields in Sabah.

The mining sector expanded in 2015 backed by higher production of natural gas amid moderate output of crude oil. For the year 2015, production of crude oil increased following the completion of the Gumusut-Kakap Deepwater Development Field. With oil production coming on stream since the fourth quarter of 2015, work on the gas injection facilities had also commenced in 2015.

No new fields and wells are expected to be explored given the current global oversupply of cheap crude and the huge cutbacks in exploration and construction of oil wells and refining facilities by the major players.

Construction Sector

The construction sector grew at a moderate pace of 8.2% in 2015 (2014: 11.6%), due mainly to the slower growth in the residential sub-sector. Construction activity in the residential sub-sector was affected by fewer property launches during the year. Nonetheless, growth in the civil engineering sub-



sector picked up, reflecting the progress of existing infrastructure projects as well as the commencement of a large petrochemical project in Johor. Growth in the construction sector was also supported by the non-residential sub-sector, which was underpinned by projects in both the industrial and commercial property segments.

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

Despite the growth of the residential sub sector, there is a severe supply gap of affordable housing for first time or lower middle income buyers. This has led to a paradox where high end properties that were held by buyers for investment and rental to expatriates remain unsold and unrented serviced apartments or houses. These units due to a combination of speculation and continued demand remain beyond the reach of the average house buyer. There is a danger that the industry may over build in this sector given the large number of launches of especially high-end condominiums.

There have been large numbers of commercial and industrial properties that have come into the market both in the commercial hubs of Kuala Lumpur and Pulau Pinang leading to the possible danger of a glut in office rental space as opposed to scaling down of operations by many companies in view of the global recession.

These factors have created a mismatch in the construction sector where there is currently an oversupply of commercial and even high end housing which includes condominiums in the major cities but a noticeable undersupply of affordable housing. Though the construction sector has very close ties with the developers, it has not been able to adjust its supply characteristics in view of its focus on demand by well heeled buyers mainly from overseas for premium housing projects.

Growth in the civil engineering subsector had not significantly slowed down following the near

completion of some major projects such as the Mass Rapid Transit (MRT) which is due to commence in mid 2016 when the final stage of testing and interior fittings on stations is wrapped up. Despite budgetary restrictions and scaling down, projects such as MRT2 (RM23 billion), LRT3 (RM9 billion), Pan-Borneo Highway (RM27 billion) and West Coast Expressway (RM5 billion) are expected to go on board but at a staggered pace. Other major highway projects that have commenced or in the final stages of feasibility studies include Eastern Klang Valley Expressway (RM1.6 billion), Damansara-Shah Alam Highway (RM4.2 billion), Sungai Besi-UluKlang Expressway (RM5.3 billion) and upgrading of the East Coast railway (RM150 million). On-going civil engineering projects, particularly O&G related activities and expansion of electricity power stations and transmission lines together with the related sub stations and switching yards, will contribute significantly to the civil engineering subsector. These include the development of the Floating Liquefied Natural Gas1 (FLNG 1) project and Sabah Ammonia - Urea Plant (SAMUR) projects and electricity power plants in Manjung and Seberang Prai. Besides, projects such as the on-going light rail transit (LRT) extension, clean water supply and electrification expansion projects to rural areas especially in Sabah and Sarawak as well as expansion of the Kuantan Port, extension of Damansara to Ulu Klang Expressway (DUKE) and construction of West Coast Expressway and Central Spine Road from Bentong to Kuala Krai will boost growth in the sub-sectors. All these projects have led to an increase to 4,410 companies (2014: 4,025) reflecting a 9.6% increase in the number of companies incorporated under this sector.

Growth momentum in the construction sector is projected to moderate slightly in 2016. In the residential sub-sector, the expansion is projected to remain modest amid weak housing approvals and property launches. Performance in the non-residential sub-sector is expected to be more moderate amid slower construction activity in the industrial and commercial property segments. The overall performance of the construction sector, however, will be supported by new and existing multi-year civil engineering projects, particularly in the transport and petrochemical segments.

Manufacturing Sector

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), mainly a result of the continued strength of the export-oriented industries. The performance of the export-oriented industries was primarily driven by strong production growth in the electronics and electrical cluster (E&E), particularly in the consumer-based electrical segment and selected semiconductor components. Growth was further supported mainly by sustained regional demand for chemical products. The domestic-oriented industries, however, grew at a moderate rate mainly as a result of slower growth in the consumer-related cluster.

The manufacturing sector is expected to continue to expand at a quicker pace on higher exports of electronics and electrical (E&E) products as external demand improves aided by the depreciation of the Ringgit against major currencies. Sales and exports of personal computers (PC) and related parts have rebounded, sustained by improved global demand and declining inventory holding costs. A total of 5,580 companies were incorporated in this sector during the year (2014: 5,967) a reduction of 6.5% compared to the 19.9% growth in the incorporation of companies experienced in 2014.

The strong performance in the sector in terms of contribution to GDP was underpinned by higher output from both export and domestic consumption industries. The industries serving the domestic markets included transport equipment and food and beverage. The export industries included electric and electronic products, textiles, clothing, leather products and footwear. The export-related industries in this sector were able to compete globally at a more advantageous footing especially in the price sensitive consumer goods or electronics sector.

LIMITED LIABILITY PARTNERSHIPS

Transactions	2015	2014
New Registration	2,968	2,304

The Limited Liability Partnerships Act 2012 came into force in February 2013 and as at 31 December 2015, the number of limited liability partnerships (LLPs) registered were 6,712. From the total number, 88 new

LLP registrations were the result of conversion from partnerships based on Business Registration Act 1956 (ROBA 1956), whilst 39 LLPs were converted from companies incorporated under the Companies Act 1965 (CA 1965). Total number of LLPs registered in 2015 was 2,968 (2014: 2,304) an increase of 28.8%. Registration of LLPs is expected to increase in the future due to the unique characteristics of a LLP where elements from a conventional partnership and a limited liability company are incorporated into the LLP.

INTEREST SCHEMES

In 2015, ten applications were received to operate an interest scheme with three being approved and registered. The total number of registered schemes in 2015 was 4 schemes (inclusive of one scheme approved in 2014 but only fulfilling the registration conditions in 2015). The four registered schemes fell into the following categories: Memorial Park Scheme, and Golf and Recreational Club.

During the year, SSM rejected two applications to set up schemes under the categories of Memorial Park (1 application) and Share Farming Scheme (1 application) due to failure of the applicants to comply with the terms and conditions for an interest scheme and/or after taking into consideration public interest. Another application for a memorial park scheme was queried and is in the midst of complying with approval conditions. This application, together with the remaining four applications which were received towards the end of 2015 are being carried forward to 2016 for consideration.

As at 31 December 2015, the number of registered interest schemes had increased to 199 schemes.

Category	2015	2014	2013
Golf and Recreational Club	72	71	71
The Club Shares	22	19	19
Recreational Club	34	34	34
Timesharing	27	27	27
Marina	9	9	9
Memorial Park	12	9	8
Share farming	10	10	10
Equipment	3	3	2
Property	10	10	10
TOTAL	199	192	190

WINDING-UP AND STRIKING-OFF OF COMPANIES

Year	2015	2014	2013
Companies Wound Up	2,363	1,744	2,581
Companies Struck Off (Section 308)	30,643	29,180	23,849

In 2015, the number of companies wound up increased by 35.5% to 2,363 companies compared to 1,744 in 2014. A total of 2,107 companies were affected through voluntary action by members and creditors, whilst the rest were wound up by court order.

Meanwhile, the number of companies dissolved by the deregistration process increased from 29,180 in 2014 to 30,643 in 2015, representing an increase of 28.5%. A total of 8,996 applications for striking off were submitted voluntarily while the rest were initiated by the Registrar to remove dormant companies in the register. SSM's continued efforts in creating awareness amongst corporate directors to strike-off dormant companies has borne results with an increase in the number of companies being struck off.



TERMINATION OF BUSINESS

The number of businesses terminated in 2015 increased by 31.5% to 35,450 (2014: 26,966). Data compiled by SSM shows that the average number of businesses terminated each year for the past three years stands at 26,859 (2014: 21,800), which shows a 23.2% increase in the number of small businesses that were terminated. Despite the increase in numbers of business terminations, the effect on the business sector has not been significant due to the 364,230 increase in the number of new businesses registered in 2015.



MANAGEMENT REPORTS

REPORT ON SERVICE DELIVERY

In line with its commitment to be a “World Class Registry”, SSM is continuously striving towards excellence in its service delivery. Towards this goal, various initiatives and measures for a more effective service delivery have been introduced to better serve the business community.

CLIENT CHARTER

Timeliness is of the essence in SSM's Client Charter as it seeks to process, approve and register business transactions in a speedy and efficient manner. This includes all processes related to new business registration, renewal of business registration, change of business information, termination of business and any process involving approval and issuance of a certificate relating to the company and business.

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

The table below illustrates SSM's client charter achievement for the year 2015.

Business Client Charter Performance 2015

Forms	Client Charter	Percentage (%)
New Business Registration (Form A)	1 Hour	99.7%
Renewal of Business Registration (Form A1)	15 Minutes	99.61%
Change of Business Registration	1 Hour	99.59%
Termination of Registration of Business (Form C)	15 Minutes	99.59%

Company Client Performance 2015

Forms	Client Charter	Percentage (%)
Incorporation of a New Company (Form 6A)	1 Day	99.74%
Approval of Company Name (Form 13A)	1 Day	99.55%
Certificate of starting a business for Public Companies (Form 18)	1 Day	99.25%
Change of Company Name [Form 11]	1 Day	99.92%
Change of Status	1 Day	100%
Registration of Charge (Form 34)	2 Days	99.61%
Approval of the Deed of Trust	5 Days	100%
Registration of Prospectus	3 Days	100%

During the year, a total of 363,933 transactions for new business registrations and a total of 372,186 transactions for renewal of business registrations were recorded. As for changes in business registration details, 223,774 transactions were recorded while a total of 35,450 transactions for termination of business were recorded.

As of December 2015, SSM achieved all the targeted Client Charter performance parameters, a clear reflection of the high level of commitment exhibited by SSM's human capital.

Client Charter Achievement for Registration of Documents

Year	Number of Documents
2013	705,048
2014	1,174,209
2015	1,069,650

Incentive Package for Disabled (OKU)

The Incentive Package for the Disabled (OKU) which was first introduced in 2012, continued to be carried out in 2015. This incentive is intended to encourage entrepreneurial involvement of OKU in the business community so as to increase their source of income and ultimately contribute towards economic growth of the nation. All OKU who possess a disability registration card from the Social Welfare Department can avail themselves of this Package. Year 2015 recorded a total of 9,820 transactions valued at RM164,010 for the registration and renewal of businesses under the Registration of Businesses Act 1956 for disabled persons.

REGISTRATION OF LIMITED LIABILITY PARTNERSHIPS (LLP)

In 2015, SSM had taken the initiative to expand the scope of the on-line registration of the Limited Liability Partnership (LLP). The existing version of MyLLP 1.0 system has been upgraded to version MyLLP 2.0 effective 13 November 2015. The service offered has been expanded from the approval of names and new registration to LLP's change of particulars, Annual Declaration, winding up and supply of information.

As of 31 December 2015, the total number of LLP registrations stood at 6,712. Of this, 178 LLP are new registrations from the conversion of a conventional partnership to an LLP and 68 LLPs resulted from the conversion of a private company to an LLP. Based on the total number of LLPs registered in 2015, the most popular activities of this business model were Business Management Consultancy Services, Event Management and other consultancy services.

From the total of 6,712 LLPs, 2,968 LLPs were registered in 2015, an increase of 28.8% over the previous year. The number of LLP registrations is expected to continue increasing in view of the unique and beneficial characteristics of an LLP and numerous outreach efforts by SSM to encourage LLP as a good model for business operations.

Transactions received for the change of particulars as at December 2015 stood at 1,215 while the Annual Declaration under the Section 68 of the LLP Act 2012 was recorded at 825 transactions.

Transaction	2015	2014	2013
LLP REGISTRATIONS			
New LLP registrations	2,841	2,263	1,362
Conversion of conventional partnership to a limited liability partnership	88	35	55
Conversion of a private company to a limited liability partnership	39	6	23
TOTAL	2,968	2,304	1,440

Information Update And Annual Declaration Submissions	2015	2014
Change of LLP particulars	1,215	296
Annual Declaration	825	147
TOTAL	2,040	443

CORPORATE MANAGEMENT APPLICATIONS

Corporate management application is an application made at SSM pursuant to the provisions under the Companies Act, 1965 (CA 1965). The nature of the applications received is listed in the table below and covers many aspects relating to provisions of the law.

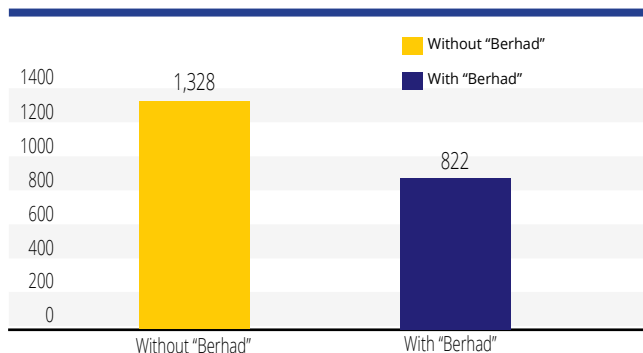
Type of Corporate Applications Received

Corporate Applications Received	Number of Applications		
	2015	2014	2013
Application for extension of time under section 169(2) and 143(2) Companies Act 1965	736	592	603
Application for proxy	2	1	1
Application for flexibility to exclude some of the requirements of the accounts under section 169A(1) Companies Act 1965	194	179	172
Application for exemption for foreign companies to lodge the accounts in Malaysia under section 336(5) Companies Act 1965	68	66	59
Lodgement fee for initial public offerings, abridged prospectus and other supporting documents.	631	603	485
Lodgement Form 28A Share Buy Back	565	542	609
A company's Quarterly Report lodgement on borrowings by their directors	159	155	145
Total	2,355	2,138	2,074

COMPANY LIMITED BY GUARANTEE (CLBG)

A total of 2,150 incorporations of Company Limited by Guarantee (CLBG) were recorded for the year. Of this number, 1,328 were CLBGs without the word "Berhad" and 822 were CLBGs with the word "Berhad" at the end of their name.

STATISTICS ON THE INCORPORATION OF CLBGs ACCORDING TO TYPES IN 2015



A CLBG may use a gazetted name such as "Foundation" upon Minister's approval but the CLBG must comply with the terms and conditions of the license issued, such as prior approval from the Minister to amend its Memorandum and Articles of Association, namely to appoint directors and solicit for donations.

The terms and conditions of the license also state that a CLBG shall ensure that all funds are not used for unlawful or political purposes and that all profit and income are solely used to promote the approved objectives of the company. These are among the safeguard measures to ensure a CLBG is not exploited by unlawful persons or organizations. Statistics on applications to Minister for approval are tabulated below:

Number of CLBG Applications by Category

Types of Application	Number of Applications		
	2015	2014	2013
Application for incorporating a CLBG (without the word 'Berhad')	96	83	73
Application for incorporating a CLBG (with the word 'Berhad')	74	50	50
Application to omit the word 'Berhad'	5	3	4
Application to hold, dispose or charge land and property	47	55	26
Application for appointment of new Directors	226	211	211
Application to seek contributions or donations from the public	13	5	6
Application to amend Memo-randum & Articles of Association	70	63	60
Total	531	470	430

MALAYSIA CORPORATE IDENTITY (MyCoID)

With the mandatory implementation of MyCoID, SSM received 44,173 applications to incorporate companies in 2015, an increase of 31% compared to 2014.

MyCoLD Transaction

Transaction	2015	2014	2013
Name Search	91,105	95,393	42,767
Incorporation	44,173	33,728	17,458
The First Lodgement Form	44,087	31,493	16,705
Total	179,365	160,614	76,930

INTEREST SCHEMES

Of the ten applications SSM received for registration of new schemes, the four schemes that were approved and duly registered were for memorial parks (three (3) schemes) and Golf and Country Club (one (1) scheme).

An application for a memorial park scheme was rejected for non-compliance with prerequisite registration criteria while another application for a share farming scheme was withdrawn by the applicant. Meanwhile an application for a memorial park scheme is in the midst of complying with the conditions of the approval. Overall, the number of registered interest schemes increased to 199 as of 31 December 2015.

Based on registration data, 64.3% of the total registered schemes are golf, club and recreational clubs followed by a distant 13.6% timesharing schemes. The registration of memorial park schemes increased by 33.3% nationwide to 12.

There appears to be an upward trend in the registration of interest schemes for 2015 compared to 2014. These new additions resulted in the overall value of registered interest schemes rising to RM 21.8 billion as of 2015. This shows the worth and value this business sector contributes towards the economic growth of the country.

The table below shows the breakdown of the interest schemes in Malaysia:

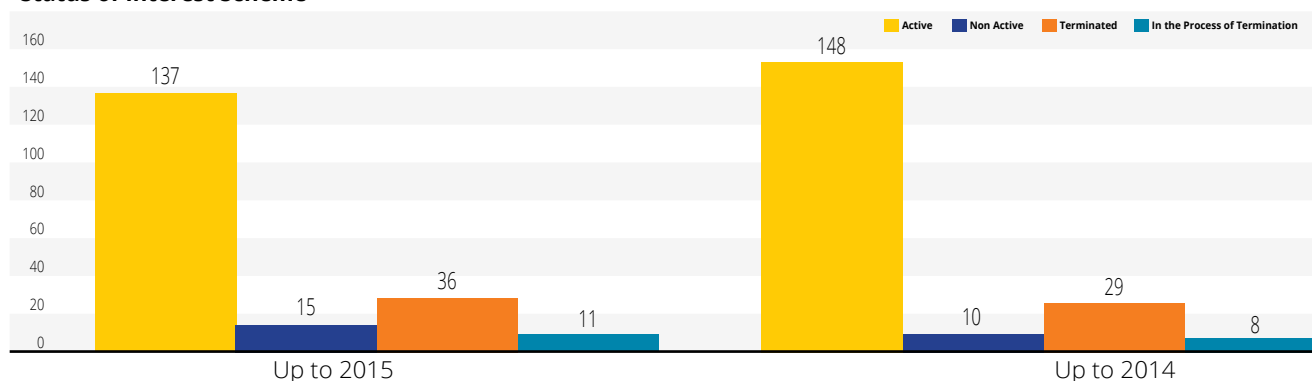
Categories	2015	2014	2013
Recreational Golf Club	72	71	71
The Club Shares	22	19	19
Recreation Clubs	34	34	34
Timesharing	27	27	27
Marina	9	9	9
Memorial Park	12	9	8
Share Farming Scheme	10	10	10
Equipment Sharing	3	3	2
Property Scheme	10	10	10
Total	199	192	190

TERMINATION OF REGISTERED SCHEMES

To guide the general public prior to making any commitment to a registered scheme, SSM has taken an approach of continuously regulating and monitoring such schemes. Information on whether the scheme is active or has been terminated is readily available on SSM's website. Between January and December 2015, five schemes were duly terminated while the termination of 11 other schemes is underway.

As a result of actions taken, investors or interest holders have been able to achieve proper or reasonable closures in line with the provisions of the law, for example, being reasonably compensated or regaining the right to enjoy the rights or facilities of schemes which have been revived by a new management company.

Status of Interest Scheme



WINDING-UP AND STRIKING-OFF NAMES FROM THE REGISTER OF COMPANIES

The year 2015 recorded a 35.5% rise in the number of companies being wound up or a total of 2,363 companies compared to 1,744 in 2014. From the number, a total of 2,107 companies went through voluntary winding up by members and creditors, while the rest were wound up by court order.

The number of companies dissolved through striking off increased from 29,173 in 2014 to 30,643 in 2015, an increase of 5%. A total of 8,996 applications for striking-off were received from companies while the rest were the result of SSM's initiative to proactively strike-off companies from the registry. A striking-off action is initiated when SSM has reasonable cause to believe that the company is not carrying on business or is not in operation.

Winding-up Transactions

Winding-up Transactions	2015	2014	2013
Company dissolved through winding up	2,363	1,744	2,581
Company dissolved through striking-off name	30,643	29,173	23,849

ASSET MANAGEMENT OF DISSOLVED COMPANY

In the year 2015, the number of applications for Asset Management of Company operated by SSM increased by 17.6% from 74 in 2014 to 87 applications in 2015.

Of the 87 applications, 23 were applications to the Registrar of Companies to act as representative of companies dissolved under section 309 CA 1965, a 27.8% increase from 18 applications in 2014. Meanwhile, applications to vest outstanding assets with the Registrar under section 310 CA 1965 increased by 9.1% from 55 in 2014 to 60 in 2015.

SSM also received four applications for the purchase of assets vested in the Registrar as per section 311 CA 1965 during the year, including purchase of shares and vehicles of the defunct companies.

Categories of Application for the Management of Assets of Dissolved Companies

Categories	2015	2014	2013
Applications to the Registrar of companies to act as a representative of the company dissolved under section 309 CA 1965	23	18	19
Assets vested with the Registrar of companies under section 310 CA 1965	60	55	17
Application for the purchase of assets vested under section 311 CA 1965	4	1	1
Total Number of Applications	87	74	37

The increase in applications for asset management of dissolved companies in 2015 indicates stakeholder awareness of the provisions of the law relating to a dissolved company's assets. Applications for asset management of a dissolved company in 2016 are anticipated to increase when SSM conducts awareness programs in collaboration with government agencies, to enhance knowledge of assets of dissolved companies.

CHARGES

Registration of Charge is required under section 108(1) & 110(1) CA 1965. When a charge is created or a property subjected to a charge is acquired by a company, the company shall lodge with the Registrar within thirty days after the creation or acquisition of the charge, a statement of the prescribed particulars.

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

Registration of Discharge of Charge

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

Charge Transactions

Charge Transactions	2015	2014	2013
Registration of Charges	23,533	25,292	26,248
Registration of Discharge of Charges	13,039	12,495	12,148

In year 2015, there were 23,533 Registration of Charges, a 7% reduction over the 25,292 registrations in 2014. However, the total number of Registration of Discharge of Charges showed a 4.4% increase, that is, from 12,495 in 2014.

COUNTER SERVICES

The Government continues to emphasise and provide opportunities for people to improve their socio-economic status through involvement in the business sector. Ultimately a thriving economy will lead to greater competitiveness of the nation in comparison to developed countries. In this context, SSM has embarked on numerous efforts to encourage hawkers and small traders to register their businesses through various programs.

SSM in collaboration with the Ministry of Domestic Trade, Cooperatives & Consumerism (MDTCC) conducts programs for hawkers and petty traders, client programs that include hawkers and small traders, Carnival Online Networking Entrepreneur (SSM ONE), SSM Walkabout, opening of mobile counters, and other collaboration programs with several agencies.

The impact can be seen in the growing number of new business registrations which stood at 364,230 in 2015. This represents an increase of 16.6% of the total registrations from 2014 while, the number of renewal of business registrations recorded in 2015 was 372,186. This represents an increase of 10.6% of the total renewals recorded in 2014.

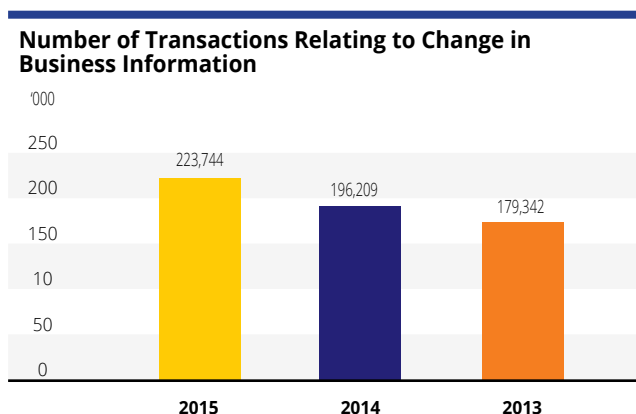
Business Registration

Transactions	2015	2014	% Change
New Registrations	364,230	312,373	16.5
Renewals	372,186	336,497	10.6



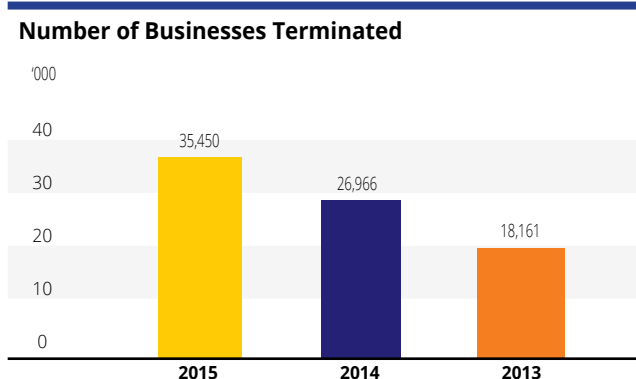
Change of Business Information Transactions

The number of transactions relating to change in business information recorded in 2015 was 223,744 compared to 196,209 in 2014. This represents an increase of 27,535 or 14% of the total change of business information recorded in 2014. These are indicators that the business community is an evolving and expanding business eco system that adapts to the changing times.



Termination of Registered Business

Registered business terminations recorded in 2015 were 35,450 compared with 26,966 in 2014. This represents an increase of 31.5% over the total terminations recorded in 2014. Despite the increase seen in the number of terminations, it does not reflect negatively on the business sector when viewed against new businesses registered for the year.



E-INFO SERVICES

The introduction of the e-Info is in keeping with SSM's move away from the "over-the-counter" transactions and towards 'information at the fingertips concept'. The e-Info is a web-based application that allows

for online searches and purchase of information on companies and businesses. It is available 24 hours a day, 7 days a week by accessing www.ssm.com.my or www.ssm-einfo.my. The service is accessible to everyone, with internet connectivity as well as an appropriate medium of payment.

e-Info Service (Yearly Transactions)

2015	2014	2013
1,655,076	1,704,762	1,579,812

Number of Visitors to e-Info Website

Country	2015	2014	2013
Singapore	40,326	26,904	21,821
Hong Kong	26,397	7,601	6,580
United Kingdom	5,814	4,297	3,379
United States	13,395	13,877	7,532
Australia	5,714	3,410	2,946
India	18,449	17,720	13,067
Japan	3,661	2,488	1,220
China	2,029	2,249	1,750
Philippines	3,722	2,363	2,236
Others	46,414	41,508	19,612
Total	165,921	122,417	80,143

There was a 35.5% increase in international visitors to the e-info website for 2015 compared to the year 2014. The importance of business information to foreigners wanting to do business in Malaysia is clearly reflected in these figures.

Corporate and Business Information Data

Year	Number of Applications
2015	638
2014	619
2013	552

The Corporate and Business Information Data (CBID) provides customers with customised data on both companies and businesses. The data and statistics facilitate the business community to make informed business decisions. In 2015, CBID applications increased by 3.1% compared to 2014.

BUSINESS REGISTRATION MOBILE COUNTER

Business Registration Mobile Counter (BRMC) is an SSM on-going initiative to reach out to the business community. This service offers convenient access to SSM's business registration services without having to be present at any of its offices. The BRMC services have been made possible through cooperation and collaboration with various agencies such as local councils, branch office of MDTCC and other agencies.



BRMC mobilises counter-based transactions outside SSM's fixed premises, usually at strategic locations with high business-related activities such as at local council offices, market place, supermarkets and hypermarkets. BRMC offers on site approvals for business registration and renewals. Apart from serving the business community in a more flexible environment, BRMC also disseminates information and promotes awareness amongst the business community and members of the public.

BRMC activities by various states in 2015

States	Frequency	New Business Registrations	Changes in Particulars	Business Renewals
Kuala Lumpur	57	727	133	302
Labuan	7	-	-	-
Perlis	6	-	-	-
Terengganu	67	1,551	385	1,351
Melaka	52	187	43	79
Pahang	52	1,048	452	975
Negeri Sembilan	114	1,845	478	1,314
Kedah	334	6,804	2,601	7,635
Kelantan	90	2,372	750	1,933
Perak	97	3,146	1,821	3,387
Pulau Pinang	83	3,041	1,746	3,126
Selangor	34	916	148	242
Johor	225	6,501	2,878	5,639
Total	1,218	28,138	11,435	25,983

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

The primary aim of SSM counter service in MDTCC has been to provide business registration services to its stakeholders in Putrajaya and the areas in the vicinity such as Dengkil, Kajang, Bangi, Puchong, Seri Kembangan, Sepang, Semenyih, Hulu Langat and Nilai.

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

Since the commencement of services at MDTCC counters, the business community has been actively utilising the services in relation to business registrations. Transactions for 2014 and 2015 show a substantial increase of 66.1 % from 60,880 to 101,142 transactions, a clear indication of the appreciation of the business community towards SSM bringing service delivery to their doorstep.

Year	Transactions
2015	101,142
2014	60,880
2013	44,776

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

The SSM UTC brings various agencies under one roof and provides a one stop centre to facilitate business transactions with various government agencies. The UTC offers efficient services, contributes towards

customer service satisfaction index as well as assists the government to realise its vision of excellent public service delivery. The SSM UTC has emerged as the preferred medium for Malaysian businesses to undertake transactions with the various government agencies.

In November 2015, SSM UTCKL moved to more spacious premises in order to accommodate the growing number of visitors. This move allowed for additional counters to be created with a more comfortable waiting area for the public. The restructured counter in UTCKL was specifically designed to ensure the operations run smoothly and with utmost efficiency. As of December 2015, transactions for businesses at SSM UTCKL recorded an increase of 53.2% from 107,509 to 164,510 in 2015.

OTHER PRODUCTS

To accommodate the ever increasing needs and demands of the business community, SSM offers various products. Some of these products are in response to customer needs.



UTC	2015		2014		2013	
	ROC	ROB	ROC	ROB	ROC	ROB
	Documents		Documents		Documents	
Kuala Lumpur	2,605	164,510	7,919	107,509	10,063	55,259
Melaka	478	9,904	342	9,990	509	6,345
Kedah	-	15,882	-	13,880	-	3,116
Pahang	-	23,657	39	31,501	27	9,359

(a) Commemorative Certificates

The specially designed Commemorative Certificates are for companies and businesses that want to have something unique to capture their existence in a special way. All together, 82 applications amounting to RM 5,000 in sales revenue were recorded in 2015.

Sales of Commemorative Certificates

Year	Business	Company	Transactions
2015	32	2	34
2014	73	9	82

(b) Incorporation of Tender Number Sales

Twenty-five applications were received for tender number sales for 2015 with a sales revenue of RM22,365. However, tender number sales have been discontinued from August 2015.

Company Incorporation Tender Number

Year	Transactions
2015	25
2014	46

SSM CONTACT CENTRE

To ensure excellent service delivery of its products and services, the SSM Contact Centre (SSMCC) has been evolving over time. SSMCC is objectively customer-centric and is on the right path to initiate active communication between the organisation and all its stakeholders.

A successful contact centre is one that achieves its service delivery to the utmost level of optimisation. SSM's mission is to deliver positive, pragmatic and professional experience to customers with maximum customer care value in business and corporate registration, and solutions. In 2015, SSMCC met the service levels (SL) for inbound calls, emails and faxes. In order to achieve improved customer service that is on par with international standards, SSMCC worked on improving its SL by way of increasing the target to 85% of the calls received to be answered within 15 seconds compared to the previous target of 80% of calls within 20 seconds.

SSMCC has 15 dedicated Customer Service Personnel (CSP) lead by a Team Leader and three Single Point of Contact (SPOC) personnel. On average, the CSP receives approximately 300 to 350 telephone calls and over 70 emails daily. The CSP are trained to answer general enquiries related to registration issues and related acts. More complex issues will be passed on to

		2015	2014
Call Statistics			
Inbound	Incoming Calls	113,765	98,142
	Calls Answered	107,144	97,455
	Abandon Rate (%)	0.97%	0.43%
	Service Level (%)	94.18%	97.41%
E-mail Statistics			
E-mail	E-mails Received	28,714	25,751
	On Time Response (< 4 hrs) %	95.51%	98.83%
Facsimile Statistics			
Facsimile	Facsimiles Received	828	501
	On Time Response (< 4 hrs) %	97.34%	96.21%



the SPOC team who would then delegate the query to any subject matter expert (SMEs) or the responsible officer for further feedback.

The increasingly complex customer needs requires greater collaboration between the departments within SSM and a better representation of customer service at the executive level in order to deliver a truly customer-centric service.

Contact centres are assuming a more prominent role within enterprise-wide customer management strategies. Customer Contact Association (CCA) recommends that companies and corporate organisations better align the direction and

decisions they make about customer experience with their top executives, marketing team and customer service professionals. By transforming the contact centres to be the 'brand ambassador', SSM hopes to make customer advocacy the top priority.

In order to measure the satisfaction of the stakeholders of SSM towards its services and to include stakeholder feedback and suggestions for improvements, an online customer service survey was conducted. The results were encouraging with 85.9% of the stakeholders indicating that they were very satisfied which exceeds our expectation of 80%.



ENFORCEMENT INITIATIVES

ENFORCEMENT ACTIVITIES

Given the international business community's confidence in doing business in Malaysia, the country continued to maintain its 18th position in the global ranking in the International Finance Corporation World Bank Doing Business 2016 Report (DB2016). This can be considered an achievement given the tight competition amongst nations in attracting business. This confidence in Malaysia is largely attributed to the continued support and earnest efforts by the Government to facilitate foreign investments in Malaysia and ensure corporate integrity and transparency prevail in the business community.

SSM approaches enforcement as a platform to protect the corporate environment and business community from key non compliance issues that could tarnish the country's image. SSM pursues strong and vigorous enforcement within an overall strategy of achieving balanced enforcement. A broad range of tools are used to ensure compliance with corporate laws and regulations amongst entrepreneurs and small,

medium and large companies. These tools include on-site inspections, stringent review of SSM's database, SME business and government assistance, general education events, regulatory workshops, publications and practice notes, dedicated telephone hotlines and the maintenance of a very active internet site. All these enforcement activities run parallel with its routine investigations and enforcement actions.

COMPLAINTS MANAGEMENT

In the year 2015, a total of 1,472 complaints were received (2014:1,328), an increase of 10.8%. The increase in complaints is mainly due to the streamlined accessible manner in which complaints are received and resolved by SSM.

A total of 1,422 (96.6%) complaints were resolved in the year 2015 (2014:1,301). Only 1.7% of complaints were not resolved within the expected timeline while 98.3% were resolved within the expected timeline.

Complaints 2015						
Complaints Received	Complaints Resolved		Complaints Resolved Within the Timeline		Complaints Resolved Beyond the Timeline	
1,472	1,422	96.60%	1,398	98.3%	24	1.7%

Complaints Received			
Year	2015	2014	2013
Company	964	949	1,165
Business	508	379	399
Total	1,472	1,328	1,564

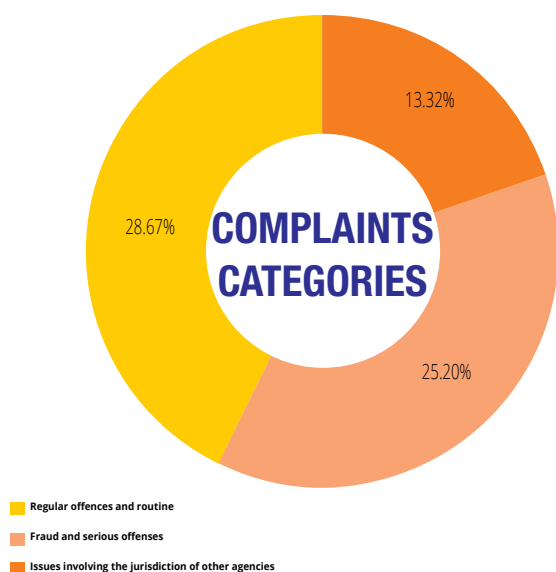
Complaints Resolved			
Year	2015	2014	2013
Company	920	927	1,110
Business	502	374	377
Total	1,422	1,301	1,487

Timeline for Complaints Resolved	
Category	Number
Within 3 working days	959
Within 14 working days	94
Within 21 working days	345
Total	1,398

Classification of Complaints Received

Issue	Total
Inaccurate information and identical name	73
Inappropriate conduct by director	76
Inappropriate conduct by company secretary	58
Misconduct by auditor	1
Fraud and serious offenses such as corporate governance and lodgement of false and misleading information	371
Misconduct during winding-up of company	8
Accounting non-compliance	12
Unregistered Interest Schemes	48
Registered Interest Schemes	3
Common offences	422
Issues pertaining to managerial misconduct involving monetary or material claims, internal affairs and procedures of meetings	112
Issues involving the jurisdiction of other agencies such as issues relating to employment, tourism, scratch and win, direct selling and fraud	196
Complaints / Questions pertaining to corporate misconduct	92
Disclosure under the Whistleblower Protection Act 2010	0
Total	1,472

BREAKDOWN OF TOP 3 CATEGORIES OF COMPLAINTS 2015



The top three categories, comprising 28.67% of the total complaints received in 2015 were related to issues pertaining to common offences. Among the offences under this category were failure to hold the Annual General Meeting (AGM), failure to lodge annual returns and financial statements and carrying on an unregistered business.

The second highest complaint which constituted 25.20% of the total complaints received related to fraud and serious offences. Among the offences was the lodgement of false and misleading information, the directors not adhering to their duties and liabilities and taking unauthorised deposits or offering shares to the public. Complaints that involved other government agencies and were beyond the jurisdiction of SSM were the third highest complaints accounting for 13.32% of the total complaints received for the year.

COMPLIANCE

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

In implementing its enforcement strategies and initiatives in year 2015, SSM took on an educational and interactive approach which saw the introduction of early preventive measures through various awareness and strategic collaboration programs with the stakeholders to achieve the following objectives:

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

SSM's enforcement strategies throughout 2015 focused on three key strategies as outlined in the chart below:



INSPECTION AND SURVEILLANCE ACTIVITIES

In the year 2015, SSM conducted both physical and database inspections of 1,050,630 companies, businesses and limited liability partnerships (LLP) which represents a 4.6 % decrease compared with inspections carried out in 2014. Our proactive and hands-on approach focused on compound management through data monitoring in order to ensure a more compliance-based environment. Data monitoring allowed SSM to follow up on compounds and this not only encouraged compliance with the requirements of the law but also served as a deterrent.

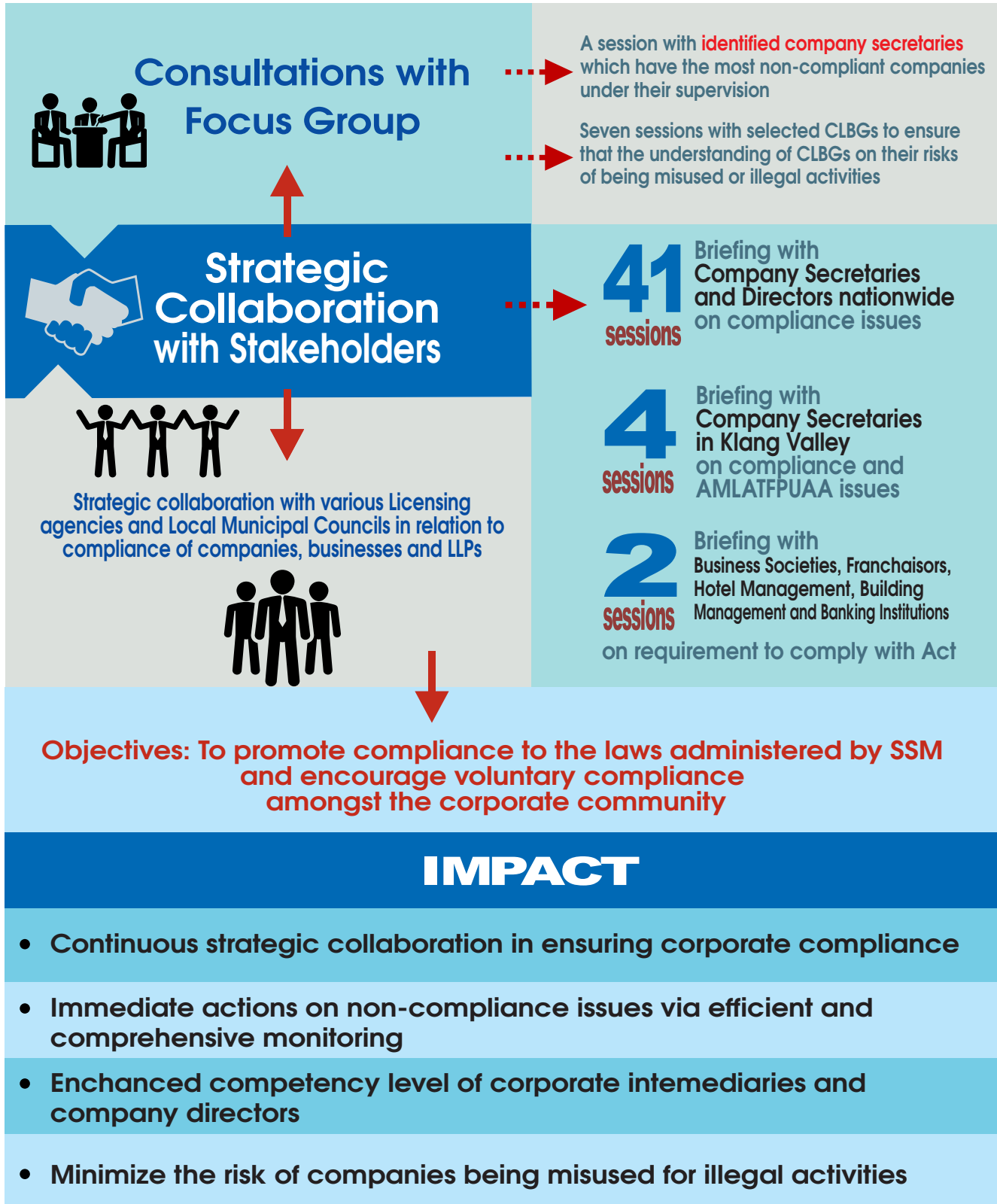
The scope of inspections conducted is shown in the table below:

Activities	Scope of Monitoring	No. of Inspections	
		2015	2014
Analysing corporate and business information stored in SSM's database (data monitoring)	Annual Return and Financial Statement lodgement status pertaining to section 165(4) of Companies Act 1965 (CA 1965).	1,026,117	1,067,056
	Analysing financial statements lodged with SSM.		
	Monitoring of director's qualifications under section 130(1) and 125(1) of CA 1965.		
	Compliance by companies under liquidation to the winding up provisions under section 234(3) and 188(1) of CA 1965.		
	Monitoring of business registration expiry under section 12(1)(b) of Registration of Business Act 1956 (ROBA 1956).		
	Annual Declaration lodgement by LLP pertaining to section 68(2) of Limited Liability Partnerships 2012 (LLP 2012)		
	Cooperation with local authorities and licensing agencies (e.g. Local Municipal Councils and Land Public Transport Commission) to check the compliance status of companies and businesses that have a license or permit from the agencies.		

Activities	Scope of Monitoring	No. of Inspections	
		2015	2014
Physical inspection of business premises and companies' registered addresses	<p>Compliance with the provisions under section 121(3) of CA 1965 and Rule 13A (2) of Registration of Businesses Rules 1957 (ROBR 1957) with regard to the display of company/business name and registration number at business premises and section 12(2) of ROBA 1956 with regard to the display of registration certificate at business premises.</p> <p>Compliance with the provision of section 12(1)(a) and 12(1)(b) of ROBA 1956 with regard to business registration and renewal.</p> <p>Record and maintenance of statutory books by Company Secretaries pursuant to CA 1965 and CR 1966 requirements.</p> <p>Compliance of LLP to accounting records requirements and other such records pertaining to section 69 LLP 2012.</p>	24,513	23,932
Monitoring of web-based businesses and media advertisements	<p>Compliance with the provisions under section 121(b) CA 1965 relating to display of company name and number in all documents and publications.</p> <p>Compliance with the provisions of section 112(1)(a) and 12(1)(b) ROBA relating to registration and renewal of businesses.</p> <p>Concerns relating to public interest, e.g. illegal investment, interest schemes, fraud by companies and businesses.</p>	2,744 company and business websites and 1,156 company and business advertisements in media	4,112 company and business websites and 3,063 company and business advertisements in media
Monitoring of Corporate Intermediaries	<p>Monitoring of obligations and independence of auditors and liquidators:</p> <ul style="list-style-type: none"> - Qualifications and independence of auditors under section 9 of CA 1965 and conditions for Auditor Renewal Approval issued by Ministry of Finance. - Obligations of auditors pursuant to section 174(3)(b) CA 1965 relating to the opinion on maintenance of statutory books. - Qualifications and independence of Liquidators under section 10 of CA 1965. 	795 audit firms, 567 auditors, 1,070 auditors' reports and 53 liquidators	121 audit firms, 233 auditors, 605 auditors' reports and 4 liquidators
	<p>Monitoring of qualifications and competency of company secretaries:</p> <ul style="list-style-type: none"> - Monitoring qualifications of company secretaries under section 139A(b) CA 1965. - Monitoring of companies to ensure each and every incorporated company has at least one secretary under section 139(1)(d) CA 1965. - Assessment of company secretary's competency through level of compliance to CA 1965 provisions and requirements. <p>(Involves data monitoring and physical inspection)</p>	399 company secretaries	750 company secretaries

Our on-going enforcement efforts were carried out with the support and collaboration of our counterparts and stakeholders resulting in more synergistic outcomes. The combined resources of our fellow enforcement agencies and practitioners gave greater meaning and effectiveness to our balanced enforcement approach. Collaboration programs held throughout 2015 were as follows:

MONITORING AND INSPECTION OUTCOMES



Compliance Rate

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

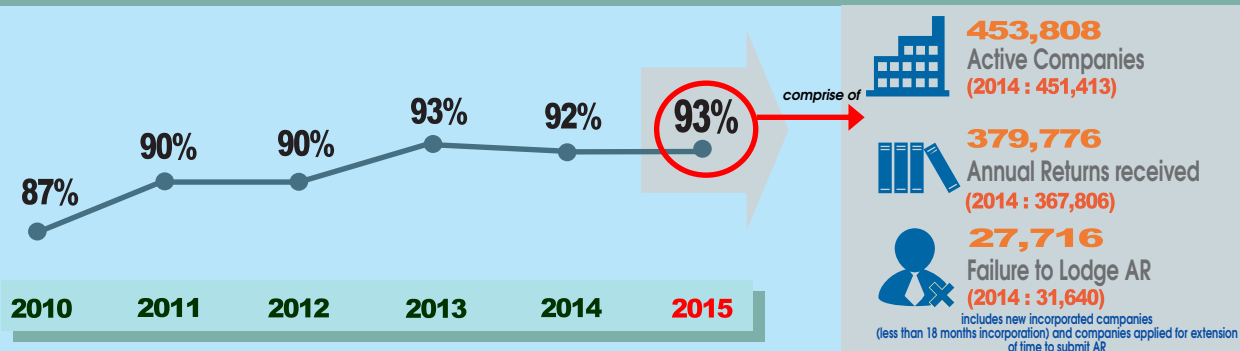
- Compliance notices were sent to 343,037 companies and 913,179 company directors (2014:276,261 companies and 811,537 directors) to hold their respective Annual General Meetings (AGM) before the due date and to table audited accounts during such meetings pursuant to the requirement of section 143(1) and 169(1) of CA 1965;
- 227,094 compound notices (2014:116,098 compound notices) and 65,198 legal notices in relation to section 7(11) (a) of CA 1965 (2014 : 56,628) were issued to companies and secretaries which had failed to lodge Annual Returns and Financial Statements pursuant to the requirement

of section 165(4) of CA 1965. 61,509 companies were referred to prosecution for failure to hold the AGM, table audited accounts in the AGM and lodge Annual Returns together with Financial Statements to SSM (2014:12,224);

- 11,373 notices under section 308(1) of CA 1965 were issued to companies to notify them of the Registrar's intention to strike off their names from the register (2014:6,369); and
- For the year 2015, as a new initiative, 53,051 company directors and secretaries were blacklisted for continuous breach of requirements.

These initiatives contributed to a compliance rate of 93% [2014:92%] for year 2015. A total of 27,716 companies failed to lodge annual returns in 2015 (2014:31,640), a reduction of 12.4% in terms of companies that failed to comply which is mainly due to the effectiveness of the various enforcement initiatives and actions that were taken.

Compliance Rate as at 31 December 2015



Initiatives to Increase Compliance Rate

supported by the following initiatives...

61,509 Prosecution Files opened (Non-compliance issues)
(2014 : 12,224)

11,373 Notices under Section 308 of CA1965 to Strike-Off Company Name
(2014 : 6,369)

53,051 Blacklisted Company Directors & Secretaries
(New initiative in 2015)

Further actions taken for non-compliance

65,198 S.7(11)(a) of CA 1965 Notices Enquiry on AGM Status
(2014 : 56,628)

227,094 Compound Notices for non-compliance*
(2014 : 116,098)

*Types of Non-compliance:

- Failure to hold AGM (section 143(1) of CA1965)
- Failure to table Profit and Loss Account in the AGM (section 143(1) of CA1965)
- Failure to lodge Annual Returns and Audited Financial Statement (section 165(4)(1/5))

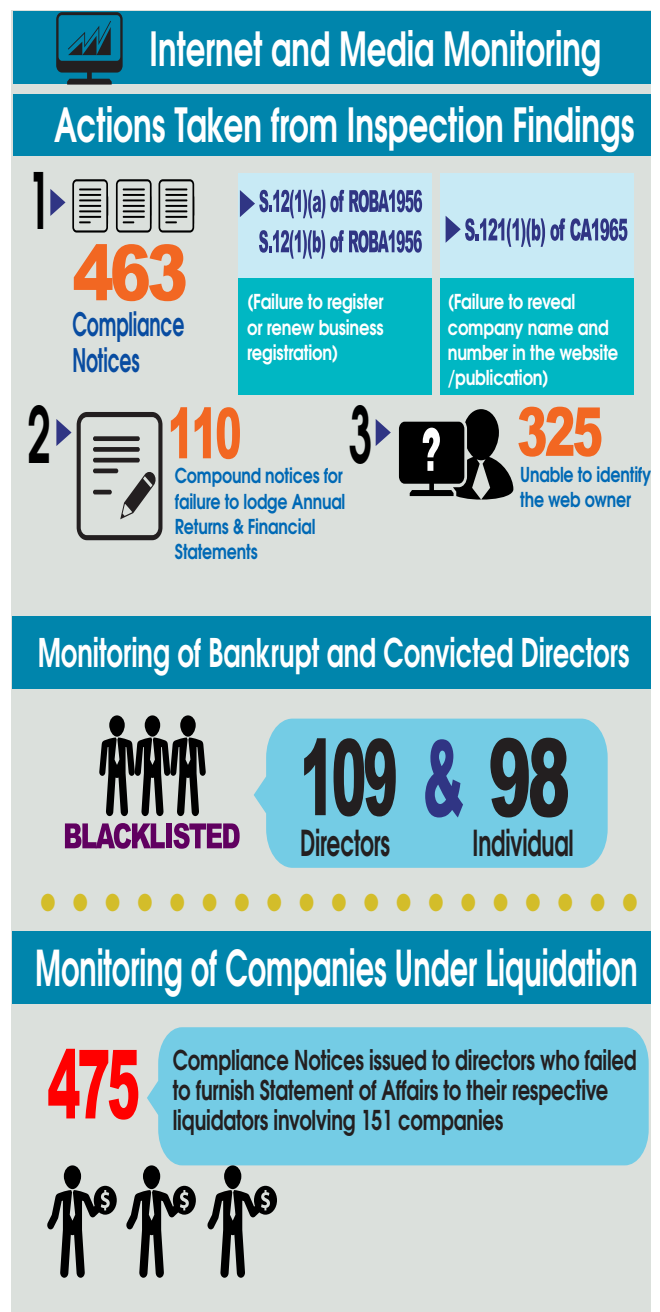
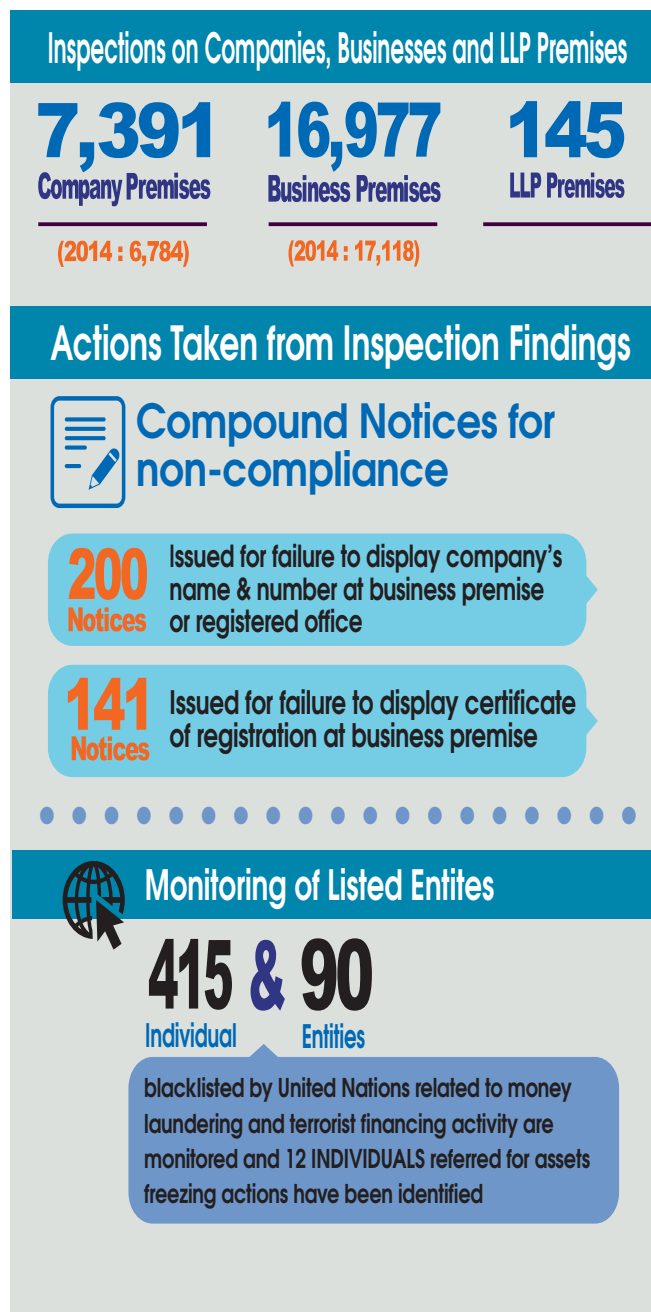
Actions taken for failure to lodge AR & FS

913,179 AGM Reminder Notices to company Directors
(2014 : 811,537)

343,037 AGM Reminder Notices to companies
(2014 : 276,261)

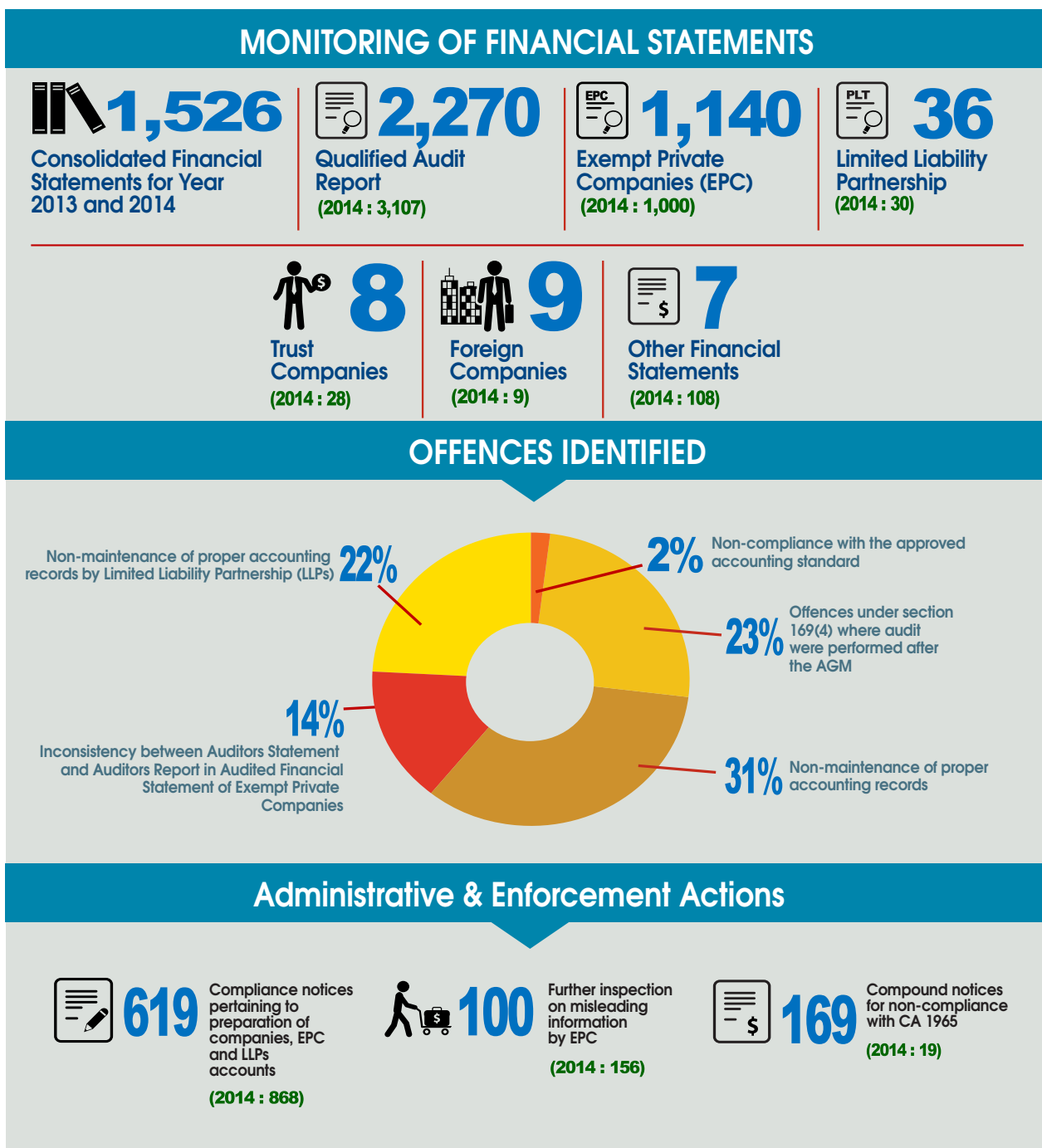
Inspection

To ensure a conducive business environment and good corporate governance practices among directors and business owners, the following actions were taken based on results of physical inspections at business premises, monitoring of media and internet business activities as well as directors qualifications. A total of 7,391 (2014:6,784) company premises, 16,977 (2014:17,118) business premises and 145 LLP premises were inspected in the year 2015 resulting in a total of 200 compound notices issued for non-compliance under the CA 1965 and 141 notices issued under ROBA 1956. Through constant monitoring of the internet and media a total of 463 compliance notices were issued to businesses for failure to register or renew their business license. In addition 110 compound notices were issued to companies that had failed to lodge their annual returns as stipulated in the CA 1965.



Monitoring of Financial Statements

To ensure the quality and integrity of Financial Statements, SSM monitored 4,996 financial statements in year 2015 and 893 offences were identified including non-compliance to the approved accounting standards (2%), no accounting records maintained to support the audit findings (31%), audits conducted after the Annual General Meeting (AGM) (23%), inability of Limited Liability Partnerships to maintain proper accounting records (22%) and misleading information by Exempt Private Companies (EPC) (14%). A total of 619 compliance notices, 100 further inspections on EPC and 169 compound notices were issued for non compliance with the provisions of the CA 1965. The detailed statistics and actions are illustrated below:



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

Monitoring of Companies Limited by Guarantee (CLBGs)

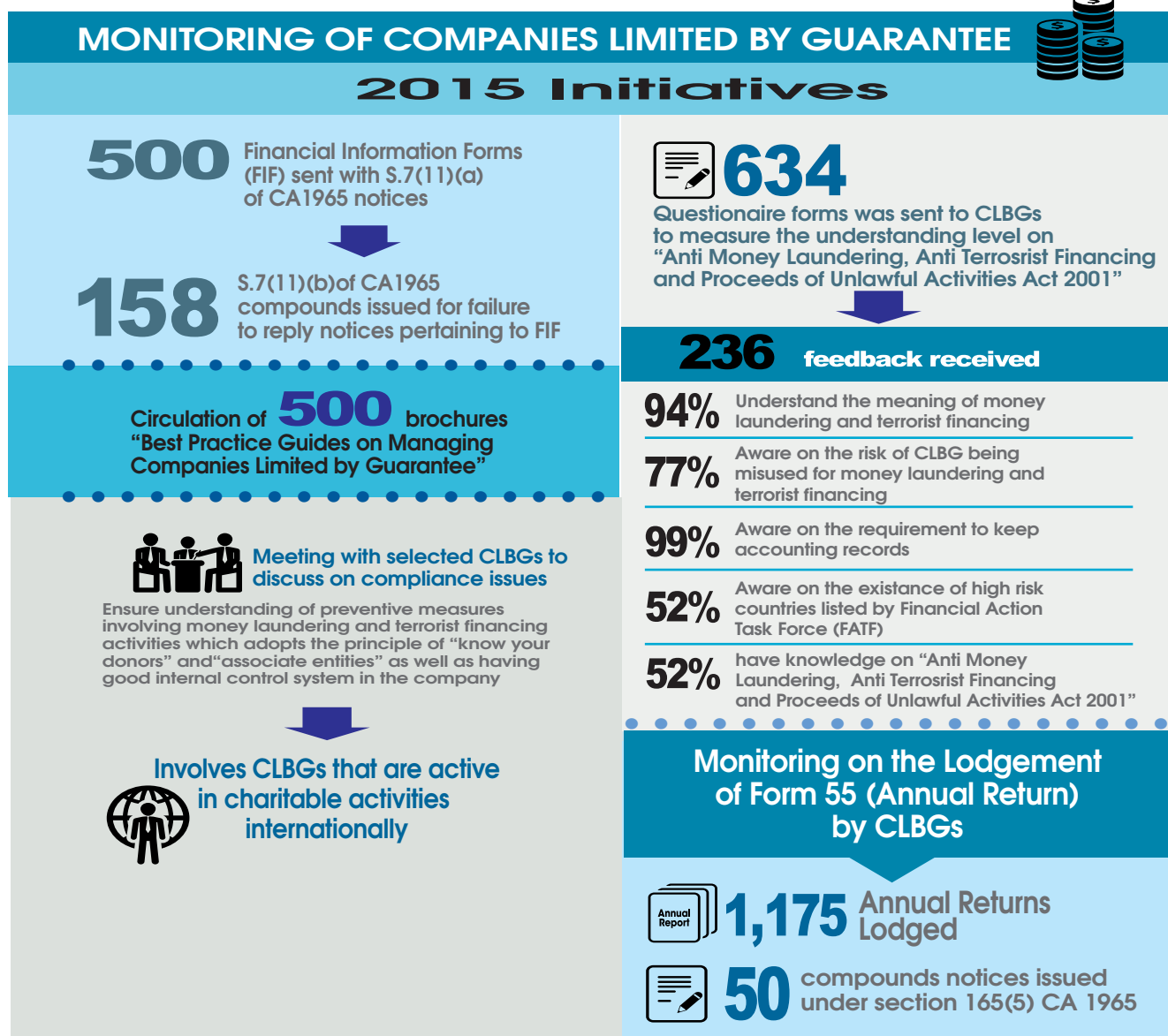
SSM takes a serious view of the level of corporate governance in CLBGs. Their activities are constantly monitored as they have a high risk of being abused as a platform for unlawful activities, particularly in relation to money laundering and the financing of terrorism.

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

As at 31 December 2015, a total of 2,150 CLBGs were incorporated compared to 1,972 at the end of year 2014.

SSM took the following initiatives to monitor CLBGs:

- Inspection of CLBGs accounting records and CLBGs internal control policies;



- Requiring CLBGs to report its operation to SSM including the reporting of fund raising as well as funds distribution activities via the Financial Information Form or known as *Borang Maklumat Kewangan* CLBG;
- Conducting compliance survey to obtain CLBGs awareness on the money laundering and terrorist financing related issues; and
- Direct engagement sessions with selected CLBGs board of directors and officers to understand the operation and activities carried out by the CLBGs.

In 2015, out of 1,532 active CLBGs, 1,175 CLBGs have complied with the requirement to lodge annual returns and financial statements to SSM.

Besides enforcement activities, CLBGs and their officers were also exposed to continuous education through SSM's awareness programs. A total of 500 brochures on Best Practice Guides on Managing a

Company Limited by Guarantee" were distributed to the key officers of the CLBG as a guide to improve the management and administration of CLBGs.

Licensing and Monitoring of Company Secretaries

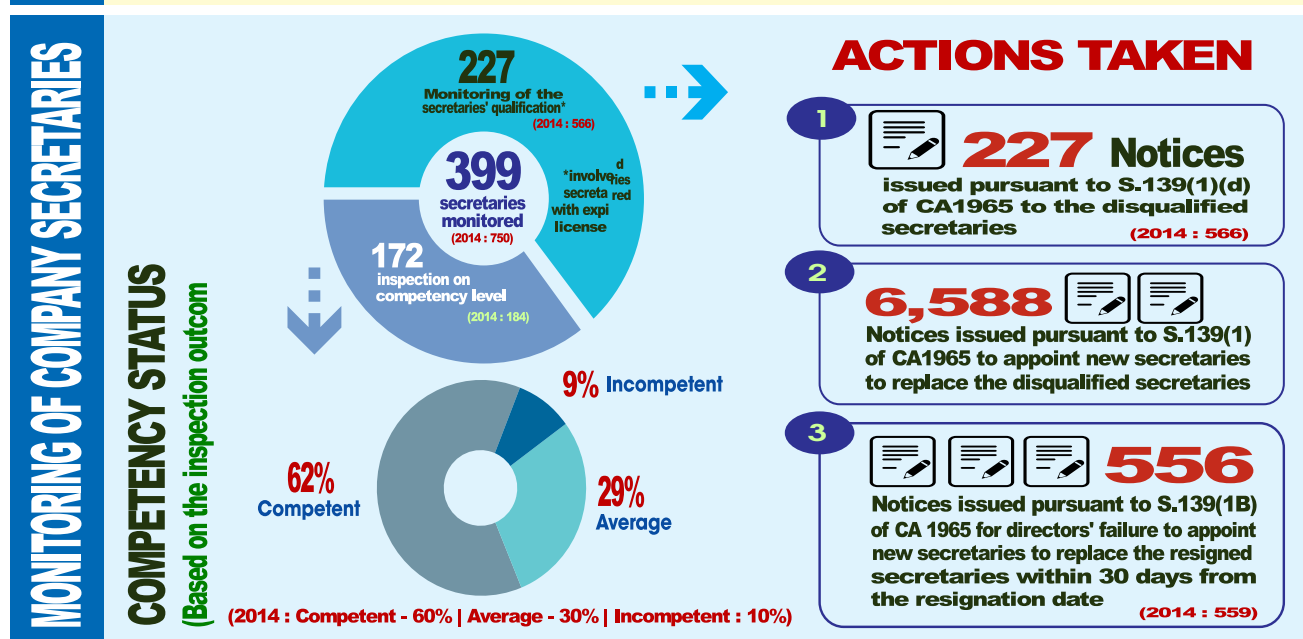
As of 31 December 2015, of the 12,333 (2013: 13,996) individuals who practiced as company secretaries, a total of 2,618 (2014: 3,207) were licensed by SSM.

SSM received 202 new applications for company secretary license during the year compared to 186 applications in 2014. A total of 30 interview sessions were conducted in 2015 (2014:26) with the success rate being 55% compared to 47% in 2014.

For renewal of company secretary licenses, a total of 543 applications were received (2014:1,053), of which 171 applications failed to comply with the continuing professional education (CPE) points requirement which SSM introduced in January 2010.



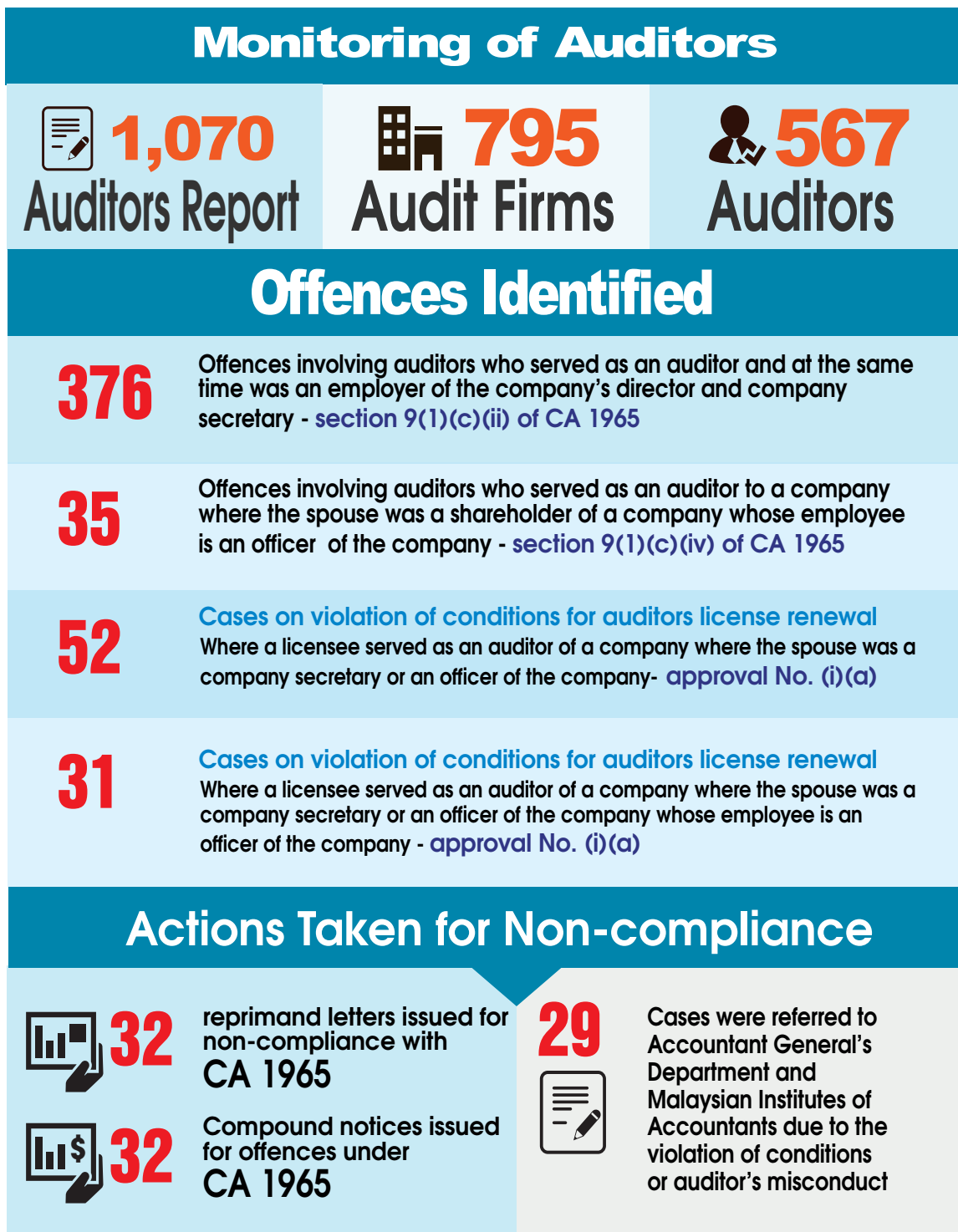
LICENSING AND MONITORING OF COMPANY SECRETARIES



With regard to monitoring activities, inspections conducted on 399 licensed secretaries resulted in 556 Notices issued to the directors for failure to appoint new secretaries within 30 days of resignation date to replace secretaries that have resigned. Monitoring of competency level of 172 active secretaries revealed that 62% of the secretaries were competent and had achieved the expected level of professionalism and ability to discharge their professional duties and responsibilities as a company secretary.

Monitoring of Auditors

During the year, SSM continued to monitor the conduct of approved auditors to ensure their compliance with the requirements of CA 1965 and the Conditions of Approval or Renewal of Approval issued by the Treasury



of Malaysia. At the same time, SSM also continued to monitor the extent to which the audit team and the audit firm partners could demonstrate independence in their auditing practices.

A total of 567 auditors, 795 audit firms and 1,070 auditor reports were monitored and 376 offences involving 39 auditors pursuant to section 9(1) (c)(ii) of CA 1965 for acting as auditors of a company while serving as employers of the company's director and/or company secretary, 35 offences involving two auditors pursuant to Section 9(1) (c)(iv) of CA 1965 for serving as an auditor to a company where the spouse was a shareholder of the company (whose employee is an officer of the company), 52 cases of violation of conditions for auditor's renewal where the licensee served as an auditor of a company where the spouse was a company secretary or officer of the company. A total of 32 letters of reprimand and 32 compound notices were issued for non-compliance with the provisions of CA 1965, a further 29 cases were referred to the Accountants General's Department and Malaysian Institute of Accountants for violations of regulations or misconduct.

INVESTIGATION

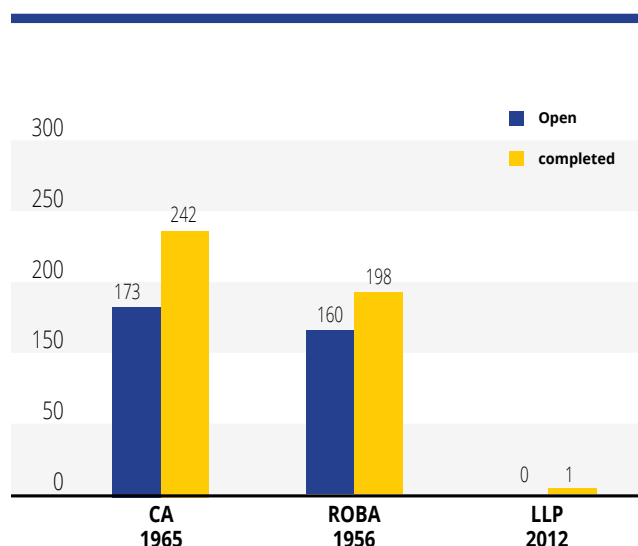
Year 2015 continued to see the investigation activities of SSM maintaining its momentum of efficiency in line with the transformation agenda backed by the government. Initiatives and proactive actions were implemented to address offences identified through complaints by the public or through ongoing monitoring. SSM focused on poor corporate governance, financial fraud and illegal investment schemes in an effort to protect public interest. Concurrently, SSM's Investigation officers worked to preserve integrity and maintain a work culture of high discipline and of increased professionalism in order to maintain the good image of SSM. It is important to SSM that stakeholder perceptions of its role and responsibilities continue to enjoy public trust. Throughout 2015, various measures and strategies planned for the year were successfully implemented.

The main agenda of the investigation initiatives of SSM was to ensure a thorough transparent investigation

process for all investigation papers so that it is resolved in the shortest possible time frame. In this manner public interest is maintained and redress is meted out based on the provision of laws and jurisdiction.

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

Breakdown of Cases Based on Offences Investigated in the Year 2015



Completed Corporate Governance Investigation Papers (IP)

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

No. Offences (Section)	Total IP Completed
Section 364(2) CA 1965: Persons who make or authorise false or misleading statements in any material particulars knowing it to be false or misleading	123
Section 132 CA 1965: Breach of fiduciary duties by officers	10
Section 131 CA 1965: Failure to disclose of interest in contracts, property and offices by officers	8
Section 91 CA 1965: Issue or offer to the public to subscribe to or purchase an interest in a scheme without an approved deed	2
Section 300 CA 1965: Offences by officers of companies in liquidation	3
Section 15(1)(d) CA 1965: Prohibit any invitation to the public to deposit money with the company for fixed periods or payable at call, whether bearing or not bearing interest	1
Section 366 CA 1965: Fraudently inducing people to invest money	3

In ensuring that all investigation papers opened are processed in a transparent manner, thoroughly investigated and resolved in the shortest possible timeframe so that public interest is preserved in line with the jurisdiction and legal provisions, SSM organised a seminar on 13 August 2015, entitled "Networking and Information Sharing" which saw participation from regulatory bodies, enforcement agencies, government agencies, financial institutions and telecommunication companies.

PROSECUTION

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

In the year 2015, SSM registered 10,473 cases against serious corporate governance offences and non-compliance offences which breached the CA 1965 and the ROBA 1956.

Convictions Obtained in the Year 2015

In year 2015, SSM obtained a total of 1,094 convictions against individuals, directors and companies for breaches of the CA 1965. The statistics on convictions are shown in the following table:

Convictions Obtained For Serious Corporate Governance Offences Under The CA 1965

Category of Offences Under CA 1965 & ROBA 1956	No. of Cases Convicted in Year 2015
Section 143(1) CA 1965: Failure to hold Annual General Meeting	197
Section 169(1) CA 1965: Failure to table accounts at the Annual General Meeting within the prescribed period	141
Section 165(4) CA 1965 : Failure to lodge Annual Return	674
Section 165A(1) CA 1965: Failure to attach Auditor's Statement	9
Section 370(1) CA 1965: Default penalty proceedings for continuous default.	29
Section 364(2) CA 1965: Person who made or authorised the making of a statement, false or misleading in any material particulars, knowing it to be false or misleading.	4

Category of Offences Under CA 1965 & ROBA 1956	No. of Cases Convicted in Year 2015
Section 7D CA 1965: Power to call for examination.	2
Section 12(1)(a) ROBA 1956: Carrying on business without registration.	4
Section 12(1)(b) ROBA 1956: Carrying on business after expiry of business registration	29
Section 12(2) ROBA 1956: Failure to display certificate of registration.	3
Section 12(1)(d) ROBA 1956: Makes or furnishes the Registrar with false information.	1
Rule 17A(1)(b) ROBA 1956: Failure to submit change of registered business particulars.	-
Rule 17A(2) ROBA 1956: Failure to display signboard.	1
TOTAL	1, 094

Landmark Cases in the Year 2015

The year 2015 recorded a significant number of convictions against directors and officers of companies for serious corporate governance offences, namely making of false statements in statutory documents and offering of illegal investment schemes to the public. Deterrent custodial sentences were decided by the courts against the convicted. The following is a summary of these cases:

Category of Offences for Landmark Cases in 2015

Nature Of Offence	Offence (Section)	Description
Making of false statements on directors' resignation and transfer of shares	Section 364(2) CA 1965	An ex-company secretary of Armas Medina Sdn. Bhd, Khaeromze Bin Ahmad, was convicted at Johor Bahru Sessions Court for making false statements in Form 49 in relation to the resignation of two directors and in Form 32A, in relation to transfer of the directors' shares to another person and the accused himself. The accused was sentenced to a fine of RM210,000 and in default 12 months imprisonment.
Failure to give statement during investigation	Section 7D(5)(a) CA 1965	A company director, Lai Seong Sim, was found guilty at the Magistrate Court of Kuala Lumpur for failing to appear to have his statement recorded before the Assistant Registrar for investigation purposes, an offence under section 7D(5)(a) Companies Act 1965. The Magistrate had sentenced the accused to a fine of RM 4,000 and in default 5 months imprisonment. The accused was also ordered to pay a cost of RM500 to the prosecution and in default one month imprisonment.
Making or furnishing the Registrar with false information.	Section 12(1)(d) ROBA 1956	The accused, Liaw Swee Yow, pleaded guilty to a charge under Section 12 (1) (d) of the Registration of Businesses Act 1956 for the offense of giving false information to the Registrar by e-lodgement relating to admission of an individual as a business owner of Bomziet Internet Café. Kuala Lumpur Magistrate Court had convicted and sentenced the accused to a fine of RM2,500 and in default two months imprisonment. The Deputy Public Prosecutor had then filed an appeal to the High Court for inadequacy of sentence. The Kuala Lumpur High Court concurred with the Deputy Public Prosecutor and allowed the appeal. The Judge ordered the fine of RM2500 be enhanced to RM5000 and in default 3 months imprisonment.

Nature Of Offence	Offence (Section)	Description
Improper use of position as Director	Section 132(2)(a) of the CA 1965	<p>A former director of Urusan Kumpulan Satang Holdings Berhad was convicted by the Kuala Lumpur Sessions Court. The accused had misused his position as director, causing losses to the company. He was charged and convicted under S.132(2)(d) of the CA 1965 for breaching his director's duties.</p> <p>The accused was sentenced to seventeen years imprisonment for abuse of position as a company director.</p>

Registration of Court Cases in Year 2015

A total of 10,473 non-compliance and serious corporate governance cases were registered in the courts nationwide in the year 2015, compared to a total of 30,621 cases registered in 2014, a 66% decrease. The table below highlights these figures.

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

Category of Offences	No. of Cases Registered in Year 2015
SERIOUS CORPORATE GOVERNANCE OFFENCES:	
Section 12(1)(d) ROBA 1956: Makes or furnishes the Registrar with false information.	1
Section 125(1) CA 1965: Undischarged bankrupt acts as Director	2
Section 9(1)(c)(ii) CA 1965: Person who is an officer of the company, knowingly consents to be appointed as company auditor	1
Section 364(2) CA 1965: Person who makes or authorises the making of a statement, false or misleading in any material particulars, knowing it to be false or misleading	8
Section 370(1) CA 1965: Default penalty proceedings for continuous default	61
Section 7D CA 1965 : Power to call for examination	1
Total	74

Cases Registered for Serious Corporate Governance Offences under the CA 1965 and ROBA 1956

Category of Offences	No. of Cases Registered in Year 2015
NON-COMPLIANCE OFFENCES:	
Section 165(4) CA 1965 : Failure to lodge Annual Return	8,991
Section 143(1) CA 1965: Failure to hold Annual General Meeting	576
Section 169(1) CA 1965: Failure to table accounts at the Annual General Meeting within the prescribed period	596
Section 121(1)(b) CA 1965: Failure to print company name and number on official documents	1
Section 121(3) CA 1965: Failure to display company name on all offices	-
Section 12(1)(a) ROBA 1956: Carrying on business without registration	2
Section 12(1)(b) ROBA 1956: Carrying on business after expiry of business registration	158
Section 12(2) ROBA 1956: Failure to display certificate of registration	18
Rule 17A(1)(b) ROBA 1956: Failure to submit change of registered business particulars	22
Rule 17A(2) ROBA 1956: Failure to display signboard	35
Total	10,399
Grand Total	10,473

LITIGATION

The number of civil cases (court cases) handled by the Litigation Section saw an increase of 11% as of 31 December 2015 (450 cases) compared to 2014 (427 cases).

The category of files is listed below:

The Category of Files Opened			
Year	2015	2014	2013
Court case	450	427	364
Legal Opinion	15	16	63
Project/Meeting	6	6	12
Miscellaneous	5	32	35
Total	476	481	474

OVERVIEW OF SIGNIFICANT CIVIL CASES INVOLVING SSM

Civil cases handled by the Litigation Section among others related to the following issues:

- Application to reinstate the name of company in the Company's Register (section 308(5) of the CA 1965);
- Application for extension of time and amendment of documents related to charges (section 114 of the CA 1965);
- Action pursuant to section 12 of the CA 1965;
- Application to amend documents under CA 1965 such as Form 49; and
- Cases related to insolvency.

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

- i) Case relating to Section 11(10) CA 1965 which is to appeal against the decision of the Registrar

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO: 24NCC-94-03/2015

NG CHI WENG v REGISTRAR OF COMPANIES

This is an application to appeal against the decision of the Registrar of Companies under section 11 (10) of the Companies Act 1965 in which the plaintiff was not satisfied with the decision of the Compliance Division and Complaints Section with regard to the complaint made.

The plaintiff, who is a shareholder of the company involved, had initially lodged a complaint about the company secretary against the following:

- (a) The company secretary had failed to give feedback on the declaration of an interim dividend of the company to the Plaintiff;
- (b) The company secretary had failed to provide the latest audited accounts of the company to the Plaintiff;
- (c) The company secretary had failed to give information about the date of the last Annual General Meeting of the company to the Plaintiff; and
- (d) The company secretary had failed to give a copy of the minutes of the Annual General Meeting and the resolution approved by the company to the Plaintiff.

The Compliance Division then conducted an inspection following the complaints received by the Plaintiff and found that the complaint against the company secretary was baseless and that there was no breach of the Companies Act 1965. The Compliance Division then decided that no further action (NFA) would be taken against the Company Secretary.

SSM objected to the Plaintiff's appeal application on the following grounds:

- (a) The issues raised by the Plaintiff in the complaint made were personal issues between the Plaintiff, Company Secretary, Board of Directors and his family members; and
- (b) The decision of the Registrar with regard to the complaint made by the Plaintiff was made on a regular basis and should not be set aside. The High Court Judge Yang Arif Datuk Lau Bee Lan allowed SSM's objections with costs of RM3,000.00 to be paid to SSM.



- ii) Action against companies pursuant to Section 12 of CA 1965 (enforcement of duty to make returns).

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO: 24NCC-148-04/2015

PENDAFTAR SYARIKAT v AWAN MEGAH (M) SDN BHD & 2 ORS

In this case, Awan Megah (M) Sdn Bhd (Defendant) had failed to submit the Annual Report and Annual Return with SSM even though notice under Section 12 of the CA 1965 had been issued.

Thus, SSM made an application pursuant to Section 12 CA 1965 in Kuala Lumpur High Court directing the Defendant to lodge the Annual Report for the years 2008, 2009, 2010, 2011, 2012, 2013 and 2014 as well as Annual Return for the years 2008, 2009, 2010, 2011, 2012, 2013 and 2014.

On 25th May 2015, Yang Arif Tuan Abu Bakar bin Jais granted an order directing the Defendant to lodge all statutory documents with SSM within ninety (90) days from the date of the order and cost to be paid to SSM.



- iii) Application to reinstate the name of companies which were struck-off under section 308 CA 1965:

**SEREMBAN HIGH COURT ORIGINATING SUMMONS
NO: 24NCVC-8-1/2015**

**KHALIL MOHD ALI JIRAKI & SOUZAN MAROF
KAIKATI v SURUHANJAYA SYARIKAT MALAYSIA**

This is an application by Plaintiffs to reinstate the name of the company Egypt-KL Corporation Sdn Bhd pursuant to Section 308(5) CA 1965 and Order 88 Rules of Court 2012. Among the reasons given by the Plaintiffs in this application was that the company still had property and intended to carry out a sale and purchase transaction on the property.

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

- (a) The striking-off process was done in accordance to the law;
- (b) The plaintiffs as directors had failed to carry out their duties as directors of the company and had demonstrated lack of good corporate governance; and
- (c) Any outstanding property of defunct companies is vested with the Registrar pursuant to Section 310 CA 1965.

Seremban High Court Judge YA Datuk Wira Kamaludin dismissed the Plaintiffs' application with cost to be paid to SSM.



SSM pursues strong and vigorous enforcement initiatives within an overall strategy of achieving balanced enforcement.





REGULATORY REFORM INITIATIVES

REGULATORY REFORM INITIATIVES

SSM initiated several law reforms in its efforts to establish a dynamic and innovative legislative framework in line with the needs of the business community in Malaysia. Two major initiatives were the tabling of a new Companies Bill to replace the Companies Act 1965 (CA 1965) and a new Interest Schemes Bill on 19th October 2015 at the Dewan Rakyat.

THE NEW COMPANIES BILL

The new Companies Bill will provide a more robust legislative framework for the Malaysian corporate community in tandem with international standards. In essence, the Companies Bill seeks to modernise the laws through simplification of procedures to assist initiation and doing of business.

We envisage that the Companies Bill 2015 will create positive impacts on the corporate sector by:

1. enhancing internal controls, corporate governance and corporate responsibility;
2. affording flexibility in managing the affairs of the company;
3. simplifying compliance requirements and procedures especially for SMEs; and
4. facilitating starting a business and reducing the cost of starting a business.



THE NEW INTEREST SCHEMES BILL

Introduction of the new Interest Schemes Bill is essential for creating an effectively regulated business environment to provide an alternative method of fund raising on the principles of joint enterprise (common enterprise). The Interest Schemes Bill aims to regulate the registration, administration and liquidation of interest schemes and tighten mechanisms to protect the interests of stakeholders.

The Interest Schemes Bill 2015 (currently residing under Division 5 of Part IV of the Companies Act 1965) is a standalone framework to administer the registration, management and dissolution of interest schemes. The impact of the new bill would be as follows:

1. Allowing offering of interests by all companies irrespective of size and nature;
2. Allowing private companies to register interest schemes based on certain criteria;
3. Recognising interest schemes offered outside Malaysia;
4. Strengthening corporate governance requirements;
5. Enhancing rights and protection of interest holders; and
6. Introducing Syariah compliant interest schemes.



STAKEHOLDERS' ENGAGEMENT AND COLLABORATIONS

STAKEHOLDERS' ENGAGEMENT AND COLLABORATION

Before developing an engagement strategy, it is imperative SSM understands what stakeholder engagement is. Although often used as a byword for public relations, stakeholder engagement is something else. It requires a shift in corporate mind-set and a change from treating stakeholders' issues as outside concerns that need to be managed to serious topics that merit dialogue. The implication is that stakeholder perspectives should form part of SSM's strategy and operations if properly embraced. However, the level of knowledge about stakeholder engagement may vary among key individuals within SSM, and there may be a need to develop internal capacities and capabilities before launching engagement activities.

Stakeholder engagement underpins the initiatives carried out at SSM where SSM has a simple philosophy: engagement leads to actions. SSM's action commences and finishes with stakeholders – it is important to first understand their priorities and consult them on improvement and transformation plans for the stakeholders to work with SSM to deliver changes with a view for positive performance review.

To ensure SSM's approach remains effective and relevant, SSM regularly reviews its deliverables and tailors its engagement approach to suit the needs of the wide spectrum of stakeholders. Hence, SSM is continually looking to innovate and improve its deliverables to stakeholders by inviting thought leaders and advisors from government, industrial leaders and the private sectors to play the important role of creating and maintaining business values for SSM. As their influence evolves, SSM must take a strategic and structured approach to stakeholder relations. There are various approaches on how SSM can initiate and sustain constructive relationships with external stakeholders and throughout their organization over a period of time, creating shared value by engaging early and often.

Some of these initiatives carried out by SSM are:

- To set vision and outcome for future engagements and review past actions;
- To define the criteria for identifying and prioritizing stakeholders and selecting the appropriate engagement mechanism;
- To focus on short and long term key performance indexes (KPIs) and determine the resources for the engagement;
- Carry out the engagement, ensuring equitable stakeholder contribution and mitigating tension while remaining focusing on the issues;
- Identify opportunities from feedbacks and determine actions, revisit KPIs and execute corrective actions for current and plan for future engagements.

CORPORATE PRACTICE CONSULTATIVE FORUM

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

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

In 2015, two (2) CPCF session were conducted on 27 April 2015 dan 15 December 2015 where issues pertaining to policy and technical matters were discussed. Further, the forum also provided SSM the opportunity to update the members on new products, practice notes and projects by SSM.

SSM'S ANNUAL DIALOGUE

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

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

The SSM Annual Dialogue 2015 which was held on 15 December 2015 in Kuala Lumpur, was attended by representatives of various professional bodies, Chambers of Commerce, Industrial Associations and other Government Agencies totalling 142 participants. The Annual Dialogue was officiated by Encik Khuzairi Yahaya, Deputy Chief Executive Officer (Operations). The first session of the Annual Dialogue comprised of two (2) sessions, in which papers entitled "SSM's Updates" and "SSM's New Initiatives" were delivered. The second session of the Annual Dialogues discussed the various issues raised by the stakeholders and were deliberated by both SSM and its stakeholders.

CORPORATE REGISTER'S FORUM (CRF) 2015

In 2015, SSM participated in the Corporate Registers' Forum (CRF) 2015 held in Abu Dhabi, United Arab Emirates. The theme for the conference was "Corporate Registration as a Driving Force for Entrepreneurship". The delegation from SSM comprising of three (3) senior officers was headed by Encik Khuzairi Yahaya, Deputy Chief Executive Officer

(Operations). SSM presented a paper titled "SME High Impact Programme 1 – Integration of Registration and Licensing of Business" during the forum.

PARTICIPATION IN SURVEYS OF INTERNATIONAL ORGANISATIONS

In 2015, SSM took part in several surveys organised by the World Bank on matters pertaining to the "Ease of Doing Business Report 2016", specifically the following indicators:

- (a) Starting a Business;
- (b) Resolving Insolvency;
- (c) Getting Credit; and
- (d) Protecting Minority Investors.

SSM also provided its input for the -

- (a) "Global Forum on Transparency and Exchange of Information for Tax Purposes, Peer Review and the Investment Policy Peer Review" organized by the Organisation for Economic Co-Operation and Development (OECD);
- (b) "2015 Survey by the European Commerce Registers' Forum";
- (c) Technical Committee ISO/IEC JTC 1/SC 27 on Information Technology Security Techniques and the relevant working groups; and
- (d) 3rd Mutual Evaluation Exercise of Malaysia by Asia Pacific Group on Money Laundering (APG) and Financial Action Task Force (FATF).

Participation in the surveys and questionnaires is anticipated to establish Malaysia's competitiveness at the international front as a favourable investment destination.

STRATEGIC PARTNERSHIP WITH UNITED NATIONS CHILDREN'S FUND (UNICEF)

Established in 2010, the strategic alliance of SSM with UNICEF on the corporate responsibility focused on the promotion pertaining awareness of child rights issues, the promotion of philanthropic or community

activities, carrying out research and development on related issues and dissemination and monitoring of child-friendly business practices within the corporate and business environment in Malaysia. A business framework to achieve the strategies are available in the Children's Rights and Business Principles (CRBP) that sets out ten principles which distinguishes array of actions that businesses are encouraged to take in order to respect and support children's rights.

To foster this collaboration, SSM and UNICEF organised two workshops on Children's Rights and Business Practice (CRBP) this year on 23 April 2015 at Kota Kinabalu, Sabah and 7 July 2015 in Kuching, Sarawak. These workshops were attended by SME, NGOs, academicians, stakeholders and etc. The objective of these workshops was to raise awareness pertaining CRBP and to support corporate responsibility on child friendly among the participants. Further, to describe the level of demand and the attitude by the corporate community in Malaysia to accept child friendly environment.

CORPORATE RESPONSIBILITY SEMINAR SERIES (CRSS)

Moving on to promote "Green Business" to companies and businesses, the annual event of Corporate Responsibility Seminar Series (CRSS) of SSM this year was successfully conducted on 27 August 2015 at Hatten Hotel, Melaka with the theme "Green Practice – Towards Business Sustainability".

Melaka was chosen to initiate this awareness as this state was embarking on a comprehensive approach towards urban sustainability with a vision to transform Melaka to Green Technology State by 2020.

The CRSS was launched by the Honourable Datuk M.S. Mahadeven a/l Sanacy, the Exco of Company Affairs, Human Resources and NGO. Good response was also received from various stakeholders such NGOs, SMEs, government bodies and many others. There were approximately 108 participants attended this seminar.

LAUNCH OF SSM's TOOLKIT "A TOOLKIT TO IMPLEMENT GREEN BUSINESS"

SSM's initiative to inculcate corporate responsibility in the corporate community commenced with the introduction of SSM Corporate Responsibility Agenda on 30 June 2009. Since then, the publications for corporate responsibility published by SSM concerns on social and economic aspects.

On 14 April 2015, SSM successfully launched its third toolkit entitled "A toolkit to Implement Green Business".

This toolkit focused on the aspects of environment supporting the development of green business practices in the corporate community. The toolkit incorporates guidelines for companies and businesses to operate green business that are divided into three categories that are Green Office, Green Procurement and Green Operations.

The toolkit introduces the following objectives:

- To increase the environmental and ethical awareness among the private sector of its business's impact towards the environment in ensuring a more sustainable environment that future generation can inherit;
- To provide guidance to the private sector in becoming a more resource-efficient economy by using resources in a more sustainable way will reduce vulnerability to supply shortages and volatile market prices; and
- To promote and educate the private sector in supporting green growth by engaging in a culture of green business through the practices of green office, green procurement and green operations.

In brief, the toolkit contains guidance and recommendations on green initiatives and activities that can be implemented by companies and businesses in their daily operation.

The guide also provides a specific section for Small and Medium Enterprises (SMEs) to practice green business in terms of procurement and operation.

OTHER ACTIVITIES ON CORPORATE RESPONSIBILITY

NATIONAL BREASTFEEDING WEEK

On 25 August 2015, Food Safety and Quality Division of Ministry of Health Malaysia organised the National Breastfeeding Week at Putrajaya in conjunction with the World Breastfeeding Week.

In the forum SSM was invited to present on the SSM's Best Business Practice Circular 2/2011 entitled "Creating a Conducive Work Environment for Women: Program Breastfeeding in the Workplace".

Apart from participating in the forum, SSM was also given an opportunity to showcase and promote awareness on its publications of Corporate social responsibility (CSR) on child friendly environment and at the same time, gauging the demand and acceptance of the corporate community towards CSR child friendly environment within companies and businesses in Malaysia.

This program was inaugurated by YAB Datin Paduka Seri Rosmah Mansor and the forum was composed of speakers from Ministry of Health, Ministry of Women, Family and Community Development, Malaysian Trade Union Congress (MTUC), Malaysian Employers Federation (MEF) and Ministry of Human Resources.

GREEN PROCUREMENT ROUNDTABLE FORUM

SSM was invited to participate in a roundtable discussion with Malaysia Green Technology Corporate Corporation on 25 September 2015 relating to Green Procurement Practices within the private sector.

During the discussion, SSM presented on the guidelines to Implement Green Business and also shared internal initiatives that are observed by SSM.

Other invitees apart from SSM who presented in this discussion were Sustainable Consumption and Production (SCP Malaysia) and EPU.

The Ambassador of the Netherlands in Malaysia, Mr. Harry Molenaar was also invited to this forum and other representatives were from GLCs and corporate community.

STRENGTHENING CORPORATE RESPECT FOR HUMAN RIGHTS: ROUNDTABLE ON THE UN GUIDING PRINCIPLES REPORTING FRAMEWORK AND THE ROLES OF KEY ACTORS IN INCENTIVIZING IMPROVED CORPORATE PERFORMANCE

On 2nd October 2015, SSM was invited by SUHAKAM to participate as a panelist for the program "Strengthening Corporate Respect for Human Rights: Roundtable on the UN Guiding Principles Reporting Framework and the Roles of Key Actors in Incentivizing Improved Corporate Performance".

This program is a collaboration between the United Nations Malaysia, Asian CSR Network, Federation of Malaysian Manufacturers, Mazars and Shift.

The objective of this program was to introduce the reporting on UN Guiding Principles on Business and Human Rights and the UNGP Reporting Framework (UNGPRF).

UNGPRF reporting framework is a reporting framework that is introduced to companies to report on their corporate responsibility for human rights in business, namely the workers, safety, the environment, suppliers and related parties in the business.

The panel discussion for SSM was on "The Need for Non-financial Reporting by Companies in Malaysia" where SSM highlighted the voluntary corporate responsibility reporting i.e. Business Review that will be introduced in the new Companies Act and its requirements.

The participants that attended this program were from NGOs, representatives of companies, agencies and human rights association.

STUDY TOUR BY THE ROUNDTABLE MEMBERS OF CORPORATE INTEGRITY SYSTEM MALAYSIA (CISM)

SSM together with the roundtable members of CISM jointly embarked on a study tour on 12 to 13 November 2015 to Bangkok, Thailand.

The purpose of this tour was to observe the best practices of Corporate Integrity Pledge in Thailand.

The visit included a visit to the office of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) of The Institute of Directors (IOD).

IOD is the pioneer to initiate the anti-corruption initiatives in Thailand. It is an organisation that enhances the professionalism of directors and corporate governance in Thailand.

The members also had an opportunity to be briefed by Anti - Corruption Organization of Thailand (ACT), The Federation of Thai Industries, Thai Bankers ' Association, Securities and Exchange Commission

of Thailand, National Anti- Corruption Commission (NACC), United Nations Development Programme (UNDP) and Transparency Thailand .

The visit was also extended to Siam Cement Group (SCG) and Securities & Exchange Commission.

OUTREACH AND PROMOTIONAL PROGRAMMES

During the year, there were several community outreach and stakeholder's engagement programmes held as part of its on-going efforts to bring SSM closer to its stakeholders and assist SMEs in their businesses. Some of these programmes are as follows:

OUTREACH PROGRAMME IN 2015

Programmes organised by SSM in 2015 are as follows:

No.	Programmes	Date
1	Kayuhan Mesra Niaga Bersama Majlis Agama Islam Perlis (MAIPs)	10 April 2015
2	Suruhanjaya Syarikat Malaysia Online Networking Entrepreneurs (SSM ONE) 2015	4 June 2015
3	Kempen #iamSSM #wearecaringMalaysian	18 August 2015
4	Hari Bersama Pelanggan	27 August 2015
5	Karnival Online Networking Entrepreneurs (ONE), Johor	2 October 2015
6	Karnival Online Networking Entrepreneurs (ONE), Sarawak	13 November 2015
7	Walkabout Bazaar Malam	10 December 2015

COURTESY VISIT TO SSM IN 2015

No.	Programmes	Date
1	Director of Investment and Company Administration of Myanmar	20 January 2015
2	Politeknik Mukah	15 January 2015
3	Kolej Kemahiran Tinggi MARA Balik Pulau	21 January 2015
4	Suruhanjaya Perkhidmatan Awam Darat (SPAD) Pulau Pinang	17 February 2015
5	Ministry of Jusice of North Rhine-Westphalia	5 March 2015
6	Persatuan Setiausaha Bumiputera Utara (SUTERA)	7 March 2015
7	Malaysian Association of Company Secretaries (MACS)	6 April 2015
8	Ministry of Industry and Trade Business Registration and Licensing Agency The United Republic of Tanzania	15 April 2015
9	Institute of Approved Company Secretaries (IACS)	5 May 2015
10	Univerisiti Teknologi MARA (UiTM) Perlis	26 May 2015
11	Univerisiti Teknologi MARA (UiTM) Terengganu	6 August 2015
12	Maktab Polis DiRaja Malaysia (MPDRM)	7 August 2015
13	Politeknik Sultan Haji Ahmad Shah Kuantan	18 August 2015
14	Kolej Profesional MARA Perak	11 September 2015
15	Labuan Financial Services Authority (Labuan FSA)	18 September 2015
16	Adelaide University, Australia	21 September 2015
17	Perbadanan Produktiviti Malaysia (MPC) Wilayah Utara	22 October 2015
18	Megatech International College, Subang Jaya	4 November 2015
19	Persatuan Pedagang dan Pengusaha Melayu Malaysia (PERDASAMA)	17 November 2015

OUTREACH PROGRAMMES AT STATE OFFICES IN 2015

No.	Programmes	Date
1	Corporate Tea Talk Bil 1/2015	2 February 2015
2	Refresher Course Berkaitan Penyediaan Dokumen ROC Bersama Setiausaha Syarikat Negeri Sembilan	5 February 2015
3	Refresher Course Berkaitan Penyediaan Dokumen ROC Bersama Setiausaha Syarikat Negeri Sembilan	10 February 2015
4	Refresher Course Berkaitan Penyediaan Dokumen ROC Bersama Setiausaha Syarikat Negeri Sembilan	12 February 2015
5	Refresher Course Berkaitan Penyediaan Dokumen ROC Bersama Setiausaha Syarikat Negeri Sembilan	26 February 2015
6	Dialog Bersama Suruhanjaya Perkhidmatan Awam (SPAD) Pulau Pinang	19 March 2015
7	Kempen Mengutamakan Syarikat Patuh Negeri Terengganu	24 March 2015
8	Corporate Tea Talk Bil 2/2015	25 March 2015
9	Jalinan Strategik Bersama Setiausaha Syarikat Johor	30 March 2015
10	Kerjasama Strategik Bersama Setiausaha Syarikat Melaka Bil 1/2015	3 April 2015
11	Pembangunan Keusahawanan SSM 2015	11 April 2015
12	Lawatan SSM Kelantan ke Jabatan Pengangkutan Jalan (JPJ) Kelantan	13 April 2015
13	Corporate Tea Talk Bil 3/2015	23 April 2015
14	Jalinan Mesra Bersama Setiausaha Syarikat Kelantan	27 April 2015
15	Jalinan Strategik Bersama Setiausaha Syarikat Negeri Sembilan	27 May 2015
16	Mesyuarat Kolaborasi Bersama Agensi Penguatkuasaan Negeri Melaka	29 May 2015
17	Corporate Briefing Session 2015	9 June 2015
18	Kerjasama Strategik Bersama Setiausaha Syarikat Melaka Bil 2/2015	16 June 2015
19	Keusahawanan Pelajar	8 July 2015
20	Ramah Mesra Bersama Setiausaha Syarikat Labuan	5 August 2015
21	Taklimat Bersama Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) dan Bank Negara Malaysia (BNM)	24 August 2015
22	Corporate Tea Talk Bil 4/2015	27 August 2015
23	Keusahawanan Pelajar	2 September 2015
24	Jalinan Strategik Bersama Setiausaha Syarikat Sarawak	3 September 2015
25	Forum Bicara Tanggungjawab Korporat GLCs Mampu Memacu Ekonomi Melaka	22 September 2015
26	Jalinan Strategik Penguatkuasaan SSM Miri	22 September 2015
27	Taklimat Pendaftaran Syarikat Kepada Pelajar Kolej Poly-Tech MARA Kuantan	6 October 2015
28	Lawatan SSM Pulau Pinang ke Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB) Pulau Pinang	15 October 2015
29	Jalinan Strategik Bersama Setiausaha Syarikat Johor	28 October 2015
30	Corporate Tea Talk Bil 4/2015	11 November 2015
31	Kerjasama Strategik Bersama Setiausaha Syarikat Melaka Bil 3/2015	7 December 2015
32	Business Corporate Session 2015	15 December 2015

INTERNATIONAL EXHIBITIONS AND EXPOSITIONS IN 2015

No.	Programmes	Date
1	The Franchising & Business Opportunities 2015	25 March, 2015
2	International Franchise, Licence & Business Concept Expo & Conference (IRFA) 2015	29 May, 2015
3	The Franchising & Business Opportunities Expo 2015	19 August, 2015
4	Indonesia Franchise Business Concept Expo	7 October, 2015
5	Be My Dealer?: 13th Franchising & Brand Dealership Trade Fair	13 October, 2015
6	Franchising & Licensing Asia (FLAsia) 2015	29 October, 2015

LOCAL EXHIBITIONS & EXPOSITIONS IN 2015

No.	Programme	Date
1	Seminar Keusahawanan Muda Komuniti Parlimen Cheras	17 January 2015
2	Majlis Pelancaran Skim Bazar Ramadhan (SBR) Peringkat Kebangsaan 2015	9 April 2015
3	Hari Francais 2015	23 April 2015
4	Fasilitasi Industri Perkhidmatan & Seminar e-Commerce FILIM) 2015	26 April 2015
5	Pusat Sehenti GABEM	26 April 2015
6	Transformasi Penjaja dan Peniaga Kecil 2015	27 April 2015
7	Francais Komuniti Peringkat Negeri Pulau Pinang	4 May 2015
8	Majlis Perasmian Menara Kembar Bank Rakyat	15 May 2015
9	Konvensyen Keusahawanan Anak Muda Negeri Pulau Pinang	17 May 2015
10	TM Bizfest 2015	19 May 2015
11	Majlis Perniagaan Beretika Kebangsaan 2015 dan Pelancaran Kod Etika Perniagaan Malaysia (EPM), KPDNKK	25 May 2015
12	ASEAN SME Showcase & Conference 2015	26 May 2015
13	Hari Metrologi Sedunia 2015	10 June 2015
14	Franchise International Malaysia 2015	12 June 2015
15	Karnival Minggu PKS dan Jelajah Informasi Usahawan Pahang Daerah Pekan	26 June 2015
16	BAHTERA - Bumipreneurs of Tomorrow	19 August 2015
17	Jelajah Bijak Wang Peringkat Wilayah Persekutuan Kuala Lumpur 2015	5 September 2015
18	Hari Harta Intelek Negara 2015	10 September 2015
19	Karnival Kerjaya dan Keusahawanan MARA 2015	12 September 2015
20	Kempen Penurunan Harga KPDNKK 2015	17 September 2015
21	Safe Food 2015	18 September 2015
22	Simposium Usahawan Internet 2015	22 September 2015
23	Usahawan Unggul Bersama SSM	5 October 2015
24	Im Youth Carnival 2015	10 October 2015
25	ASEAN Co-Operative Trade Exhibition, Conference & Business Matching (ACOTEX) 2015	15 October 2015
26	Mini Karnival Bulan Pengguna Kebangsaan KPDNKK Peringkat Negeri Pahang	17 October 2015
27	Hari Pengguna Kebangsaan 2015 dan Kempen Malaysiaku Jenama Kita	23 October 2015
28	Kejora Kembara dan Fiesta Larut 2015	29 October 2015
29	Outreach Usahawan Belia Negeri Pahang 2015	30 October 2015
30	Malaysian Investment & Stock Exchange Expo (MISEE) 2015	20 November 2015
31	1ASEAN Entrepreneurship Summit (1AES) 2015	21 November 2015
32	Hari Integriti MAMPU 2015	26 November 2015
33	HIP 1 The SME Show 2015	4 December 2015
34	Sambutan Hari Penjaja dan Peniaga Kecil Kebangsaan Tahun 2015	4 December 2015

Kayuhan
Mesra Niaga
Bersama
Majlis Agama
Islam Perlis
(MAIPs)



(SSM ONE) 2015
- The Curve

Kempen #iamSSM
#wearecaringMalaysian



Hari Bersama
Pelanggan



Karnival Online Networking Entrepreneurs (ONE), Johor



Karnival Online Networking Entrepreneurs (ONE), Sarawak



Walkabout Bazaar Malam





COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY (COMTRAC)

COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY (COMTRAC)

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

Sub-section 17(d)"...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 and to encourage and to promote corporate responsibility and business sustainability."

Further, sub-section 18(2)(e) of the SSM Act 2001 which states:

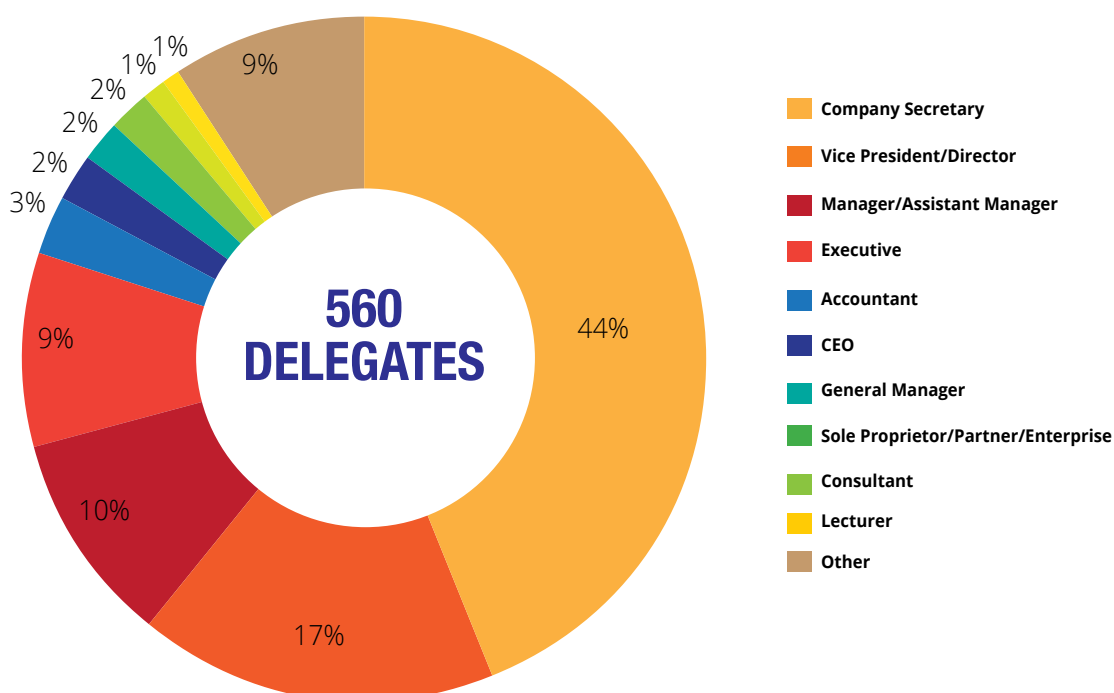
Sub-section 18(2)(e) "...to formulate, conduct and implement educational and training programmes relating to the laws specified in the First Schedule"

In line with COMTRAC's mission, several activities were carried out in 2015.

SSM NATIONAL CONFERENCE 2015

The 5th SSM National Conference 2015 was organised with the theme, 'Modernising the Companies Act: Creating Synergy in Malaysian Business Landscape'. Held on 8 and 9 September 2015 in Kuala Lumpur, the Conference was officially launched by YB Dato' Seri Hamzah Zainudin, Minister, Ministry of Domestic Trade, Co-operatives and Consumerism. The conference was attended by 560 delegates of diverse backgrounds from the public and private sectors.

Composition of delegates in SSM national conference 2015



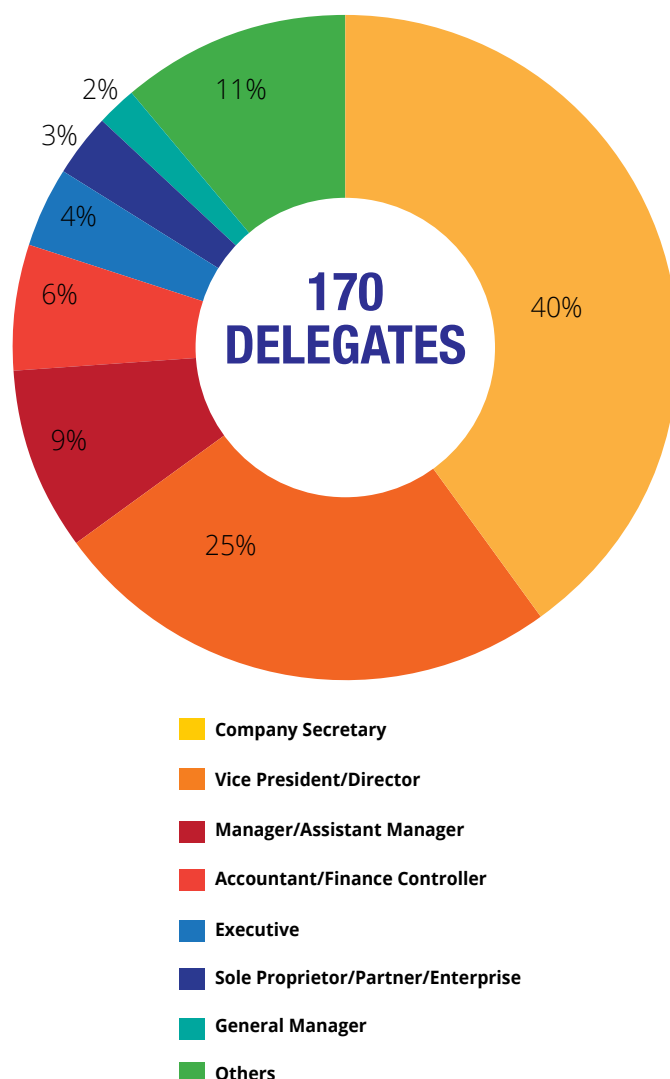
A total of 23 speakers, panellists and moderators delivered papers on the following topics at the Conference:

- SSM's Transformation Programme
- No Par Value Regime. Facing Up to the Implications
- Reforming Procedures on Doing Business in Malaysia
- Corporate Intermediaries. Creating Synergy in Promoting Better Governance
- Interest Schemes Framework. In Need of Reformation
- Boardroom Governance in the New Companies Act Regime
- Corporate Rescue Scheme. Towards an Effective Corporate Rehabilitation Framework
- Regulatory Update: Preserving the Integrity of the Financial System: Prevention of Money Laundering and Terrorism Financing (ML/TF)

Of particular significance to the delegates were the updates on the progress of the proposed Companies Bill 2015 and Interest Schemes Bill 2015 and the key changes made to current statutes. Another important update were the amendments to the Anti-Money Laundering (AML) and Anti-Terrorism Financing (ATF) laws which required company secretaries to comply with AML/ATF legislations and to play a key role as a 'reporting institution' within Malaysia's AML/ATF framework.

SSM SARAWAK SEMINAR 2015

The SSM Sarawak Seminar was held at Kuching, Sarawak on 7 October 2015 with the theme, "Revamping the Companies Act". The opening address was delivered by Mr. Khuzairi Yahaya, Deputy Chief Executive Officer (Operations) of SSM. The seminar was well attended by 170 delegates from both the public and private sectors and came from not only Sarawak and Sabah but also Kuala Lumpur, Selangor and Negeri Sembilan.



Five speakers delivered papers at the Sarawak Regional Conference on the following topics:

- Revolutionising Starting a Business in Malaysia
- Towards Boardroom Excellence
- Enhancing Shareholder Activism
- Getting Prepared for No Par Value Regime and Capital Maintenance Rule
- Rationalising Audit and Financial Reporting Framework
- Regulatory Update: Preserving the Integrity of the Financial System : Prevention of Money Laundering and Terrorism Financing (ML/TF)

EDUCATION AND TRAINING PROGRAMMES

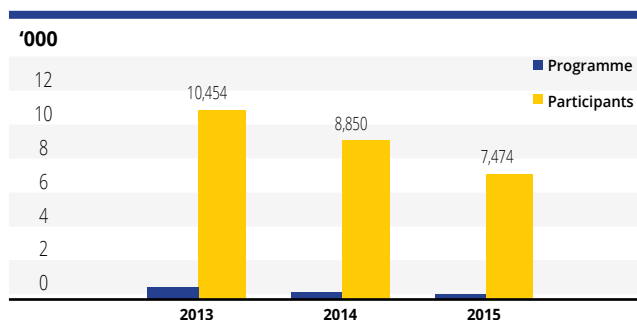
A. STAKEHOLDERS' EDUCATION AND AWARENESS

In 2015, COMTRAC conducted 152 programmes (2014:161) which were attended by a total of 7,474 participants (2014:8,850).

The corporate programmes conducted during the year are shown below:

Programme	No. of Sessions	Pax
Corporate Directors Training Programme (CDTP)	14	240
CDTP Fundamental		
CDTP Intermediate		
CDTP Advanced		
CDTP Human Resource Management		
CDTP Fundamental Co-organised		
Company Secretaries Training Programme Essential	24	1,053
Company Secretaries Training Programme Significant	24	1,037
Continuing Education Programme	40	1,598
In-House Training Programme	24	739
Collaboration Programme	15	1,457
SSM National Conference 2015	1	560
SSM National Regional Conference 2015	1	170
Corporate Tea Talk	9	620
Total	152	7,474

Stakeholders' Participation in Education and Awareness Programmes from 2013 to 2015



B. CORPORATE DIRECTORS TRAINING PROGRAMME (CDTP)

It is imperative that company directors, company secretaries, chief executive officers, chief operating officers, chief financial officers, companies' top management, corporate employees, foreign investors, innovators and entrepreneurs understand the roles and responsibilities of company directors and officers of the company. The Corporate Directors Training Programme (CDTP) is specifically tailored to achieve these objectives.

The CDTP programme is a series of programmes structured into four different parts as follows:-

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

The CDTP programme is envisaged to lead to these learning outcomes:

- Develop a good understanding of the concept, features and characteristics of a company;
- Outline the roles and responsibilities of company directors, company secretaries and auditors;
- Know the rights and limitations of directors with respect to proper conduct of board and general meetings;
- Identify the common offences committed by directors under the Companies Act 1965;
- Understand the key compliance requirements of the Companies Act 1965;
- Implement good corporate governance practices in managing companies and displaying a professional commitment to ethical practices;
- Understand directors' responsibilities in corporate taxation;
- Read and interpret financial statements;
- Understand the concept of risk management and internal control and their co-relations with corporate governance; and

- Establish a framework for effective human resources management in their companies.

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

- Module 1 : Dynamics of a Company
- Module 2 : Key Role Players in a Company - Functions and Responsibilities
- Module 3 : The Fundamentals of Corporate Governance
- Module 4 : The Fundamentals of Corporate Responsibility
- Module 5 : The Fundamentals of Financial Statements
- Module 6 : Overview of Proposed Companies Bill

The modules under the CDTP Intermediate are as follows:

- Module 1 : Roles and Responsibilities of Directors, Company Secretaries and Auditors
- Module 2 : Law and Practice of Meetings
- Module 3 : Implementation of Corporate Governance
- Module 4 : Implementation of Corporate Responsibility
- Module 5 : The Top Ten Common Offences Committed by Directors under the Companies Act 1965.
- Module 7 : Introduction to Taxation
- Module 8 : Understanding Financial Statements

The modules under the CDTP Advanced are as follows:

- Module 1 : Roles and Responsibilities of Directors, Company Secretaries and Auditors and Case Study
- Module 2 : Top 10 Common Offences under Companies Act 1965 and Case Study
- Module 3 : Catalysing Innovation in Company and Case Study
- Module 4 : Business Sustainability and Case Study
- Module 5 : Risk Management and Internal Control and Case Study

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

- Module 1 : Dynamics of a Company
- Module 2 : Key Role Players in a Company - Functions and Responsibilities
- Module 3 : The Fundamentals of Corporate Governance
- Module 4 : The Fundamental of Corporate Responsibility
- Module 5 : Fundamentals of Financial Statements
- Module 6 : Overview of Proposed Companies Bill
- Module 7.1 : Principal Malaysian Labour Legislations
- Module 7.2 : Introduction to Human Resources Management
- Module 7.3 : Managing Relationships between Employer and Employee
- Module 7.4 : Effective Human Resource Management and Leadership

In 2015, a total of 14 (2014:16) CDTF programmes were organised and attended by 240 (2014:443) participants. Programme details are as follows:

CDTF Series	No. of Programmes	No. of Participants
CDTF Fundamental	4	90
CDTF Intermediate	4	60
CDTF Advance	4	66
CDTF + Human Resources Management	2	24
Total	14	240

C. COMPANY SECRETARIES TRAINING PROGRAMME ESSENTIAL

Licensed company secretaries who were issued with company secretarial licences by the Registrar of Companies under section 139A (b) of the Companies Act, 1965 are required to attend the mandatory Company Secretary Training Programme (CSTP) Essential under the Continuing Professional Education (CPE) points scheme.

The CSTP Essential is designed to enhance the knowledge, skill and competencies required of company secretaries as advisors to the board of directors. Although the CSTP Essential course content is primarily tailored for licensed company secretaries, company secretaries of prescribed bodies, company directors, management and staff too can benefit and apply the knowledge from the training to manage their companies.

On completion of the CSTP Essential modules, trainees will be able to:

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

CSTP Essential consists of three parts made up of two modules for each part and participants are deemed to have completed the programme after attending all three parts of the CSTP Essential. Details of the three parts of CSTP Essential are as follows:

PART A

Module 1 : Anatomy of a Company

Module 2 : Roles and Responsibilities of Company Secretaries

PART B

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

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

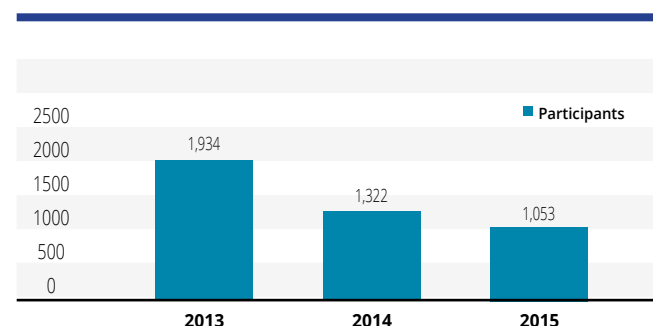
PART C

Module 5 : Managing Company Meetings

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

In 2015, 24 (2014: 21) CSTP Essential programmes were organised in Kuala Lumpur, Kota Kinabalu, Ipoh and Kuching, attended by 1,053 (2014: 1,322) participants. However, the uptake of this programme in 2015 declined by 20.3% compared with 2014 as a number of licensed secretaries who had been attending this programme since 2010 had moved on to attend the more in-depth programme, namely the Company Secretaries Training Programme (CSTP) Significant.

Participants of Company Secretary Programme Essential from 2013 to 2015



D. COMPANY SECRETARIES TRAINING PROGRAMME SIGNIFICANT

The CSTP Significant programme, introduced in 2013, is designed as a more in-depth programme from the CSTP Essential programme.

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

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

Similar to the CSTP Essential programme, the CSTP Significant programme also consists of three parts with two modules for each part. To complete the programme, participants are required to attend all three parts of the CSTP Significant programme.

Details of the parts of CSTP Significant are as follows:

PART A

Module 1 : Advocating Integrity and Ethics in the Boardroom

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

PART B

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

Module 4 : Integrating Corporate Governance into Company Operations

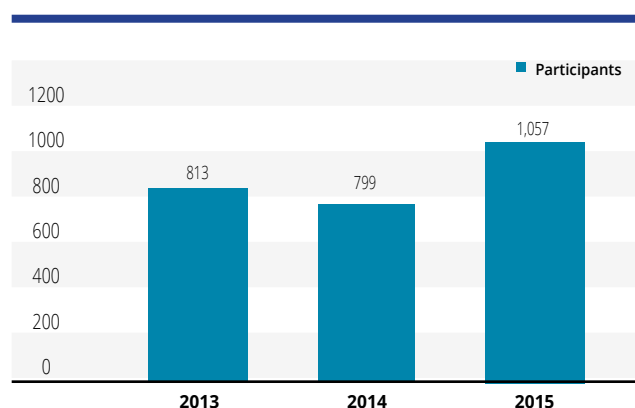
PART C

Module 5 : Integrating Corporate Responsibility into Company Operations

Module 6 : Understanding Financial Statement for Company Secretaries

During the year, COMTRAC organised 24 (2014: 15) CSTP Significant programmes, which were attended by 1,037 (2014: 799) participants. The programmes were held in Kuala Lumpur, Penang, Sibul, Johor Bahru and Kota Kinabalu.

Participants of Company Secretary Programme Significant from 2013 to 2015

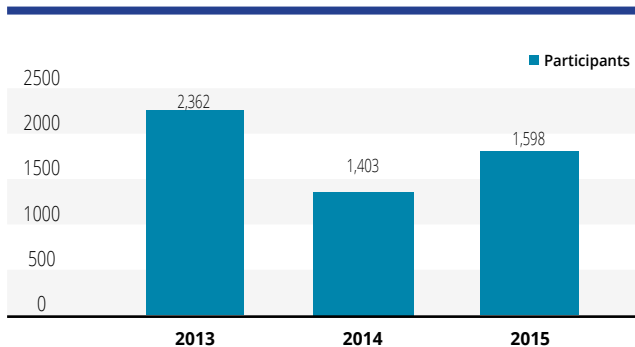


E. CONTINUING EDUCATION PROGRAMME (CEP)

The Continuing Education Programme (CEP) is intended to impart knowledge on selected key strategic topics which are relevant to the corporate sector and key economic role players. The participants comprise directors, company secretaries, CEOs, COOs, CFOs, companies' senior management, employees, foreign investors, professionals, innovators and entrepreneurs.

In 2015, a total of 40 programmes (2014:29) attended by 1,598 participants (2014:1,403) were organised in Kuala Lumpur, Tawau, Penang, Johor Bahru, Sibul, Bintulu, Miri, Kota Kinabalu, Kuching and Sandakan.

Participants of Continuing Education Programme From 2013 to 2015



F. CUSTOMIZED EXTERNAL IN-HOUSE TRAINING PROGRAMMES

During the year, COMTRAC conducted in-house training for boards of directors and officers of various organisations. A total of 24 (2014: 40) customised in-house programmes were conducted for the following organisations with participation from 739 (2014: 1,258) individuals:

Programme Title	Organization
Company Secretaries Training Programme Essential Part A - C	PETRONAS
Corporate Directors Leadership And Integrity Programme (CDLIP)	INTAN
Corporate Directors In-house Training Programme	Tenaga Nasional Berhad
Essentials of Companies Act 1965	Malaysia Anti Corruption Academy (MACA)
Roles & Responsibilities Of Directors, Company Secretaries & Auditors	Tenaga Nasional Berhad
Interpreting Financial Statements	SME Corporation Malaysia
Corporate Directors Training Programme Essential	Perbadanan Hal Ehwal Bekas Angkatan Tentera
Corporate Directors Training Programme Fundamental	Universiti Putra Malaysia
Overcoming Corporate Governance: Challenges in Boardroom in the Boardroom	Tricor Corporate Services Sdn Bhd
Corporate Directors In-house Training Programme	Perbadanan Kemajuan Ekonomi Negeri Perlis (PKNEP)
Dealing With Shareholders	Tricor Corporate Services Sdn Bhd
Overcoming Corporate Governance Challenges	Perbadanan Kemajuan Negeri Selangor (PKNS)
Companies Bill 2015	PETRONAS Group of Companies
Overview of Proposed Companies Bill	Prokhas Sdn Bhd
Transaction of Directors & Conflict of Interests Situation	Perbadanan Kemajuan Negeri Selangor (PKNS)
Corporate Directors Training Essential	Medini Iskandar Sdn Bhd
Corporate Directors Training Programme Essential	Lembaga Juruukur Bahan Malaysia
Companies Bill 2015	KUB Berhad

G. COLLABORATION WITH PROFESSIONAL BODIES/ ORGANISATIONS

COMTRAC continued with its approach of collaboration with external stakeholders as close co-operation and a relationship with management is crucial. In 2015, COMTRAC collaborated with four organisations (2014:10) to jointly conduct 15 training programmes (2014: 22) for 1,457 (2014: 1,900) participants. Details of the programmes conducted are listed in the table below:

Programme	Organization
GST Awareness Seminar	KPDNKK
Children's Rights and Business Practice	UNICEF
SSM-IACS Joint Seminar on "Stepping into the World of Directorship"	Institute of Approved Company Secretaries
SSM-IACS Joint Seminar on "Overcoming Corporate Governance Challenges in Boardroom"	Institute of Approved Company Secretaries
Training on Leniency and Financial Penalty under the Competition Act 2010	Malaysian Competition Commission (MyCC)

H. CORPORATE TEA TALKS

The Corporate Tea Talk Series is an initiative to provide non-fee training to educate and create awareness among corporate professionals and entrepreneurs on regulatory developments. A total of 9 (2014: 16) talks were conducted in 2015 and attended by 620 (2014: 1,186) participants. During the year, two sessions were conducted at Kuala Lumpur, one in Shah Alam, one in Alor Star, one in Ipoh, one in Kuala Terengganu, one in Melaka, one in Kota Kinabalu and one session in Miri.

The tea-talk topics in 2015 are detailed in the table below:

Programme Title	No. of Programmes	No. of Participants
SSM's Enforcement Initiatives and Enforcement of the PSMB ACT, 2001 and the Future Plan	8	474
Corporate Tea Talk: Green Practices, Moving Towards Sustainable Business	1	146
Total	9	620

I. ON-GOING STRATEGIC COLLABORATION BETWEEN COMPANIES COMMISSION OF MALAYSIA (SSM) AND MARA UNIVERSITY OF TECHNOLOGY (UiTM)

On 20 April 2015, a significant milestone was achieved when SSM and MARA University of Technology (UiTM) entered into a Memorandum of Understanding for a programme entitled *Melestari Setiausaha Syarikat Bumiputera*. The program was inaugurated by YBhg. Dato' Hj Zaidon Asmuni, Deputy Secretary General (Management), Ministry of Domestic Trade, Co-operatives and Consumerism and attended by the Chief Executive Officer of SSM, YBhg. Dato' Zahrah Abd. Wahab Fenner together with SSM's Mr. Khuzairi Yahaya, Deputy Chief Executive Officer (Operations) and Mr. Rosli Haji Ahmad, Deputy Chief Executive Officer (Services) while UiTM was represented by the Dean of the Faculty of Administrative Sciences & Policy Studies, Prof. Dr. Zaliha Haji Hussin.

The MoU was the culmination of a series of proactive initiatives on the part of SSM and UiTM to collaborate in enhancing the performance of their respective roles as regulators under the Companies Act 1965 and as a public institution of higher learning striving for academic excellence, respectively. This collaborative program aims to enhance professionalism among *Bumiputera* entrepreneurs.

As a public institution of higher learning which graduates *Bumiputera* in various fields each year, the selection of UiTM as a strategic partner to SSM is relevant to achieving the objectives of the program. The classroom learning concept is seen in parallel with the institution's approach in sharing and delivering current and relevant information relating to a licensed company secretary under the Companies Act, 1965.

The 50 participants of this program, all graduates of the Bachelor of Corporate Administration degree, completed one week of intensive learning sessions. During the sessions, they had the opportunity to interact with SSM's representatives who were also Subject Matter Experts (SMEs) for the topics in this program.

For those who qualified to apply for a company secretary licence under the Companies Act, 1965, did so and had the opportunity to attend an interview session conducted by SSM during the program. Fourteen candidates out of the 24 qualified candidates passed the interview and were approved as licensed company secretaries.

The selection and contents of the topics in the modules for this program were seen to be consistent with the current corporate secretarial practices and the proposed new Companies Bill. Hence SSM had tailored the course contents to enhance the participants' understanding of the industrial practice of a company secretary and the importance of complying with the Companies Act, 1965.



CHALLENGES AND THE WAY FORWARD 2016

CHALLENGES AND THE WAY FORWARD 2016

It has been only 14 years since the Companies Commission of Malaysia (SSM) was set up in its present structure, but it can trace its origins to more than a century of existence. In 2002, the functions of a registry, custodian and enforcement agency were combined and a statutory entity was established. This body, known as SSM, is responsible for the registration of corporate and business entities in Malaysia and also serves as custodian and supplier of corporate information. Uniquely, its other major role is to ensure compliance with the law while promoting good corporate governance and business practices. A natural corollary of this role is the responsibility to provide appropriate training, advice and outreach to the corporate and business community in Malaysia.

SSM has practically grown with every entity it has regulated over the ages, in one form or another. From the pre-colonial days of Malaya, independence and the formation of Malaysia, SSM has been there seeing the transformation of the nation from a largely agricultural and plantation subsistence economy to a modern fully integrated globalised economic powerhouse and one of the leading economies of this region.

Although SSM has grown with the nation and has made vast improvements, its capabilities and service delivery in all aspects of its multiple roles as a registry, statutory body or enforcement agency, have proved to be challenging. The demands by its stakeholders as well as the changes in global regulatory and business practices are constantly testing its tenacity and capability. It has to be firm on enforcement matters yet sufficiently flexible on matters of promoting and expanding business opportunities and investments in order to ensure that the nation's economic development is not retarded in any way. SSM continues to face exacting challenges in its efforts to keep pace with stakeholder expectations that stem from the underlying pressure for change brought about by social, economic and technological advancements. Added to this is SSM's role as catalyst for the growth of the domestic corporate community to enable it to compete in the ever evolving and competitive global economic environment.

SSM has never failed to rise to the challenges posed by a rapidly evolving business environment. One of its major responses to these challenges is the tabling of the Companies Bill 2015 and the Interest Schemes Bill 2015 in November 2015 for first reading in Parliament. Both these bills have been tabled for the second time in April 2016 and were passed by Parliament into legislated law. The tabling of the Companies and Interest Schemes Bills is a major accomplishment by SSM that is set to transform the way people do business in Malaysia. The journey had been long and arduous, but SSM persevered to endure the rigours of law review, drafting and extensive public consultations until delivery of the Companies Bill and the Interest Schemes Bill for tabling at Parliament. The Companies Act 1965 has served its purpose, having been in existence for 50 years. Over the years, there have been rapid changes in the business environment and the global nature of finance and investments. SSM is confident that the Companies Bill 2015 and the Interest Schemes Bill 2015 will enhance the interests of the business community and the international institutional investors in Malaysia and usher in a new era of growth and prosperity for Malaysia.

The challenges faced in drafting, law review, extensive consultation and tabling in Parliament of these bills is only the beginning. The real challenge lies in the implementation of the law and the change of mind-set of the practitioners as well as the business owners on the mechanics of the operational aspects of the new acts. To meet this challenge head-on, SSM is planning a series of road shows and awareness programs to explain the features and the changes that would take place and its effects on all interested parties. Aware that this would require comprehensive re-organisation on its part, the SSM Transformation Program is currently underway.

Moving forward, the new Companies Act would also herald a paradigm change where a company would not only be judged by its financial performance but also its corporate governance and corporate social responsibility initiatives. The challenge for SSM is to bring about the transformation of the business

community to align their objectives and aspirations with that envisaged by the Companies Act. Essentially this would require businesses to enhance internal controls and improve corporate governance and corporate responsibility, while SSM affords flexibility in managing the affairs of their company, simplifies compliance requirements and procedures especially for SMEs and facilitates starting a business while simultaneously reducing the cost of starting a business.

SSM, on its part, would be more sensitive and proactive towards its stakeholders and the business community, particularly during the transition period when the old Companies Act 1965 would still be in force before the new Companies Bill 2015 comes on board. SSM will strive not only to educate but also guide them to adapt to the new requirements of the act that are comparable to international norms. Under the new Companies Act, though a business is conducted locally, the onus is on owners to plan and carry out their business initiatives in an internationally acceptable manner so as to be better equipped to avail themselves of credit from financial institutions who would look at all aspects of the business rather than focus on financial performance only. This international approach to business will enable Malaysia continue to attract foreign investments.

Our new Interest Schemes Bill 2015 caters for an alternative method of raising capital which, while promising benefits, can bring about economic chaos if left unregulated. While facilitating the development of businesses, SSM, as a regulator, is responsible for safeguarding public interest. While the new Interest Schemes Act promotes crowd funding and its associated benefits, the Act also calls for the adoption of a higher level of governance, transparency and accountability, factors vital for growth, investment and economic development. SSM is in the process of drafting guidelines for the industry to ensure that the best interests of the scheme holders are always protected. Just as in the case of the new Companies Bill 2015, implementation of the Interest Schemes Bill 2015 is likely to be challenging, given the host of operational and technical matters to be explained and elaborated on to the practitioners and stakeholders.

The Interest Schemes Bill 2015 offers the following:

- (i) All companies, irrespective of size and nature, can offer interest schemes;
- (ii) Private companies will be allowed to register interest schemes based on certain criteria;
- (iii) Interest schemes offered outside Malaysia will be recognised;
- (iv) Interest schemes will have to strengthen corporate governance requirements;
- (v) Rights and protection of interest holders will be further enhanced; and
- (vi) Syariah compliant interest schemes will be introduced.

The new Interest Schemes Act allows all companies, public and private, and big and small to offer schemes to the public but with restrictions imposed as opposed to only public companies being allowed to offer schemes to the public previously.

Crowd funding has a very mixed impact so far however it is the future and it is here to stay, it is an innovative method of raising capital out of the capital markets but with a relatively lower cost of raising capital. But while it promises benefits, if unregulated it can bring about calamity, that is why SSM as a regulator while facilitating the development of businesses at the same would emphasize that there need to be a sense of responsibility to public interests, businesses should take advantage of the benefits offered and be prepared to adopt a higher level of governance, transparency and accountability which would nurture growth and be a catalyst for investment and economic development. The introduction of the new Companies Act 2016 and the Interest Schemes Act 2016 calls for a complete paradigm shift in our service delivery to meet the expectations of our stakeholders. The changes required would be fundamental and involve the organisation, work process and procedures, mission and objectives, and SSM's core system consisting of both the hardware and software architecture. Last but not least, it would necessitate changes in the deployment and breakdown of our human resources with the emphasis being on service

delivery, enforcement and administration to cater to the new environment that would emerge from the implementation of both acts.

Since 2014, SSM had embarked on a comprehensive Transformation Program (SSMTP) and in 2015, work process and delivery systems had been identified and re-engineered to cater for the changes brought by the acts. Key areas were identified where resources would need to be deployed both in terms of manpower and systems. A new administrative form and structure that allows for optimum functioning under the increased projected expectations and demands of our stakeholders is an imperative. Moving forward, we would need to implement such changes and undertake measures to reorganise and align SSM in its entirety to match the demands and requirements of the new Acts and the much improved service delivery that would be offered to all its stakeholders.

Crucial to our success is the implementation of the SSMTP. SSM values its human resources very highly as they constitute the pulse of the organisation and any business process or even the best technology and system is only as good as the people who man them. In line with our beliefs, we have adopted the approach of a 3-stage strategy:

1. The first is the business process transformation where the key improvements/ transformation further elaborate the proposed business process improvement and the related automation initiatives to achieve the Business Process Reengineering objectives and to attain a better "Starting A Business" ranking. The automation initiatives will be supported by the implementation of new core and support systems.
2. The second is technology and system transformation where an integrated IT environment responds to change and is supportive of the delivery of the business strategy and business processes.
3. Finally people and organisational transformation where the human resource strategy is aligned to SSM's vision and mission and a new set of Corporate Core Values that support and enable

SSM to realise its Vision and Mission. These Corporate Core Values will transform the way business is done in line with the transformed organisation.

Despite the changes being adopted and implemented, our future challenge would be public service delivery, the byword in recent years. The government is fully aware that service delivery through its ministries and statutory bodies to the public and the business community would be the key barometer of its performance. Accordingly, there have been rather high expectations for efficient public service delivery which should be the outcome of our efforts conducted through the SSMTP.

The traditional model of a near-monopoly provider of utilities and of transport infrastructure and services had contributed exceptionally to the development of the nation. However, social and economic factors coupled with the proven inefficiencies of monopolies have forced the re-examination of this model. Since the days of ROC and ROB, the public has become increasingly aware of the quality of the services they receive and the choices available to them. The need to respond to technological changes, especially in public service delivery, has burdened SSM with escalating operational costs.

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

SERVICE DELIVERY

One of SSM's main initiatives in 2015 is to enhance public sector performance in an increasingly competitive global market. Therefore, SSM seeks

to excel in service delivery through operational excellence which in turn is expected to result in cost savings and efficiencies for end-users.

Some of the measures SSM initiated to enhance operations were to introduce changes in the process of incorporation of companies in Malaysia.

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

SSM is aware that the future of service delivery lies in online services rather than over-the-counter given the reach and speed of services that can be offered and executed through IT and Internet. The year 2015 saw SSM launched several new services such as ezBiz online, e-Info online app, e-Search system, e-Compound service and a completely new and enhanced MyLLP system.

For ezBiz online service, renewal of business licences can be done online with three prior easy steps which are specifically designed to counter the possibility of fraud and protect the user. The user is required to register online via SSM's portal and visit any SSM office to verify his identity with a biometric verification once in his lifetime. This facility that is available 24 hours a day, seven days a week, has enabled renewal of businesses in a speedier, easy manner. This could save precious time for the business owners who can now renew their businesses at the convenience of their home or business premise and not be bound by SSM's operating hours.

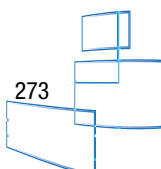
The SSM e-Info Mobile App enables the user to purchase products such as company & business profiles, financial comparisons and images of company statutory documents via dedicated application software utilising smart phones. In order to ensure

the widest possible usage, the application has been released both in Android and IOS software which when installed, will enable a user who had registered for the service to purchase the required data. The term "information at your fingertips" is truly applicable where information can be requested and provided in a quick and speedy manner with users being assured of the latest encryption technologies to safeguard their interests.

MyLLP system has online features which make possible the lodgement of all LLP document submission, purchase of LLP information, and maintenance and reporting of pertinent information. With the launch of the completely online MyLLP system, company officials will see the burden of statutory administration greatly eased as they would be able to comply with the submission and administration requirements in a speedy and efficient manner. This would also serve as a great boon for SSM's monitoring and enforcement activities.

In the interest of safeguarding the public from fraud and misrepresentation, SSM had rolled out the e-Search service which enables the public to search (free of charge) the validity of any business entity registered at SSM. Members of the public only need to enter the company registration number, business registration number or the limited liability partnership (LLP) number which would enable them to obtain a display showing pertinent information with regard to the entity being queried such as registration number, name of company, business or LLP, status at present and the GST number. The service enables members of the public to ascertain the status of an entity prior to deciding on conducting any business with it should they require further details, they would be able to conduct a company/business profile search in order to access corporate information.

In efforts to promote a greater level of compliance amongst business owners and facilitate stakeholders to ascertain the compliance culture amongst business entities, the e-Compound service was introduced. This service enables the public to check, at no charge, on any compound notice for offences issued under the Companies Act 1965 and Registration of Businesses Act 1956.



Notwithstanding the rolling out of all these services, SSM is in the process of introducing self-service kiosks which would be located outside the premises of all its offices throughout the nation where services such as renewal of business licences, payments of compound and business information would be offered initially while corporate information and user registration for online services would be offered gradually. The kiosks will be equipped with the latest cash dispensing and credit/debit card payment input technologies with the latest biometric verification built in to protect the interests of the business owners.

Given the impending implementation of the new Interest Schemes Bill 2015 and the need to improve the interest scheme registration and management framework, guidelines for interest scheme operators were discussed and formulated. Planned for 2016 when the new Interest Schemes Bill 2015 comes into operation, the said guidelines would ensure a systematic and compliance-centric method of scheme administration and operation. This is crucial given the fact that SSM anticipates a boost in new scheme registrations as the new Act would allow any company to offer a scheme albeit with restrictions as to the size based on the company status i.e. a private limited or public limited. Further in anticipation of the entry of foreign registered schemes into Malaysia, clear guidelines are essential to ensure that the operation of such schemes are in the best interests of the scheme holders.

It is interesting to note that interest schemes have emerged as an alternative method for growing companies to obtain funds for business expansion. There are 199 (2014: 195) interest schemes registered with SSM as at 31 December 2015. When a company is able to obtain a foothold in the industry and sustain a steady growth rate through funding from the interest scheme, it can gradually improve its position and finally venture into the open capital market to seek more capital from investors, both locally and abroad.

The entry of foreign registered interest schemes would be a boost to the local schemes as they would have to compete to ensure that they are able to provide assured returns to their scheme holders. Moving forward, SSM would definitely take steps to ensure that the process of interest scheme registration

and compliance administration is transparent and accountable and its operations are consistent with the principles of corporate governance. SSM would actively monitor such schemes to ensure that the reputation of Malaysia as an investment destination is always protected and that the interest of local and foreign shareholders is safeguarded.

In the 'Doing Business 2016 Report (DB2016)' published by International Finance Corporation World Bank, though Malaysia's ranking fell from 17th in 2015 to 18th position in 2016, the nation is placed ahead of Ireland (19th), Lithuania (20th), Austria (21th), Switzerland (26th) and France (279th). In fact, in the ASEAN region, Malaysia is ranked second after Singapore. Similarly in other authoritative surveys, such as the World Emerging Market Logistics, Malaysia is ranked at 4th position amongst the world's 45 leading emerging markets. The ranking of countries in this Index is based on various factors that include business conditions, infrastructure etc that makes countries attractive to logistics providers. In terms of competitiveness, the World Competitiveness Yearbook 2015, issued by the Institute for Management Development, ranks Malaysia at number 14 among 61 countries.

In order to ensure that resources and incentives are being offered to the entire spectrum of the business community, various incentives have been introduced by the Government for hawkers and petty traders. These include the Pelan Insurans 1Malaysia Penjaja dan Peniaga Kecil Nasional (P1MPIN) and Program Penjaja 1Malaysia (PP1M) to spur national growth. P1MPIN is an insurance protection cluster scheme introduced through the Ministry of Domestic Trade, Cooperatives and Consumerism via Bank Rakyat which provides free 24-hour protection to all merchants nationwide. Meanwhile PP1M is part of the National Blue Ocean Strategy 7 which has the objective of ensuring cleanliness of the physical area for the provision of healthy food and a safer working environment. SSM fully supports the Government's Strategic Initiatives for Hawkers and Petty Traders Development 2015-2020 which will benefit over one million hawkers and petty traders nationwide. The plan which is based on four strategies, namely reinforcing the eco-system, strengthening competitiveness,

developing human capital and financial sustainability, will provide for an orderly and structured economic development of this sector.

SSM, on its part, has carried out outreach programs for hawkers and petty traders as well as individuals involved in online trading. For the year 2015, SSM organised three events under the SSM ONE initiative with the aim of bringing together the conventional and online business communities by facilitating and providing training, business development techniques, and financing for business entrepreneurship. Through these carnivals, business owners and entrepreneurs are able to take advantage of the services and assistance rendered by various ministries, government agencies, statutory funds for business development, and non-governmental organisations (NGO) via a one stop centre.

Exhibition and service booths offering advice and assistance were set up for the business and entrepreneurial community during the carnivals. In addition, the carnivals also showcased the experience of famous local personalities who had succeeded in their online business to inspire others to strive for success. The visitors to the carnivals, about 20,000 in number, came from various socio-economic backgrounds and consisted of businessmen, students of higher learning institutions and members of the public. Many online businesses have registered and have been in touch with relevant agencies for assistance and advice. The tremendous response to these carnivals is a clear indication that the online trading community appreciates the regulatory requirements and the safeguards that need to be implemented to protect and develop their business and gain the trust of their clients and suppliers. Such initiatives would be carried on in 2016 in view of the expanding trade and volume associated with such trading.

It can be said with certainty that SSM is the first regulator to consciously target the online trading community and reach out to them. SSM is also addressing the issues faced by all especially the petty traders, hawkers as well as handicapped persons who may choose to venture into business. SSM facilitates

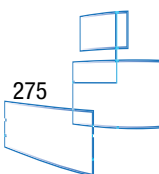
their process and directs them to government appointed agencies to channel aid and incentives to assist such interest groups. To better perform this role, SSM participates in several events such as exhibitions and outreach programs that specifically cater for the nurturing and development of the business skills and acumen of these traders. These programs have received tremendous response as SSM had set up booths in these venues to help traders register or renew their business licences. These will be ongoing efforts given the government's drive to encourage citizens to be involved in business so as to diversify their income and achieve greater stability in personal financial management.

In addition to these initiatives SSM also believes in nurturing the entrepreneurial talents of youth through continuous efforts to encourage, educate and nurture budding entrepreneurs while still pursuing their education. This is done through participation in events or outreach programs directed at youth where they are exposed to the attractiveness of being involved in business.

Through its Training Academy (COMTRAC), SSM supports Government efforts to achieve a fully developed, high income nation by strengthening and enhancing knowledge on sustainable business practices. Besides organising the SSM National Conference 2015 in Kuala Lumpur, the Regional Conference 2015 in Sarawak and tailor-made courses that cater to specific needs of organisations, COMTRAC plans to collaborate with universities and professional bodies with the objective of providing stakeholders with updates on developments in the corporate environment.

ENFORCEMENT INITIATIVES

Given the increasingly volatile economic environment that businesses operate in, there is need for the global corporate framework to evolve continuously. SSM has responded with a significant law reform initiative - the tabling of the new Companies Bill and the new Interest Schemes Bill. These Bills when legislated into law should add vibrancy to the business environment in Malaysia.



SSM's relentless efforts in ensuring compliance to the mandatory lodgement of annual returns together with the audited financial accounts have resulted in a commendable compliance rate of 93% for year 2015. In order to strengthen enforcement actions, the strategy for 2015 will focus on monitoring business activities by entities incorporated or registered with SSM to ensure that they are not involved in money laundering and terrorist activities in Malaysia. Towards this end, SSM will intensify the 'direct stakeholders engagement' initiative which will see greater involvement of company secretaries and directors of companies to achieve greater compliance with the Acts administered by SSM and a higher level of corporate governance among the business community.

The impending implementation of the new Companies Act 2016 and the Interest Schemes Act 2016 together with the implementation of the SSMTTP would see a paradigm shift in the manner in which enforcement is conducted. Our staff, while familiar with the new provisions, would also be trained to deal with the initial teething problems that may be encountered when the new Acts come into force. Surveillance and monitoring would be beefed up with manpower and a completely new back office system would be created with dedicated enforcement modules that ensure speedy and efficient monitoring as well as follow up action to ensure a compliance-driven culture. Due to savings in human resources derived from system automation on certain processes, it is likely that such resources will be redeployed into enforcement. This will be a great boon for carrying out initiatives and ensuring that there is greater compliance to the provisions of the legislations that SSM regulates.

SSM will continue to organise community outreach programs to familiarise stakeholders with its products and services. Such programs serve as an important medium for SSM to understand and address the issues and concerns of stakeholders and will also

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

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



STATEMENT OF INTERNAL CONTROL

STATEMENT OF INTERNAL CONTROLS

INTRODUCTION

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

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

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

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

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

The prime objectives of internal controls within the organisation are:

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

RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITIES

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

of process owners from various divisions within the organisation. The divisions have formulated policies and procedures together with relevant process controls to manage the associated risks.

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

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

RISK MANAGEMENT

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

The objectives of such efforts are to:

- Assure all stakeholders that all aspects of risks in the organisation are constantly identified and managed;
- Enhance the decision making process of the Commission and management by exposing them to all manner of risk awareness;

- Promote transparency and good governance through the mandatory presence of the internal auditor for all stages of the tender process including final decision making;
- Facilitate information sharing, work coordination and clear line-of-sight to achieve more efficient use of resources and avoid duplication of efforts; and
- Provide a common risk assessment approach where risks are defined and aligned with assessing concerns as either acceptable, unacceptable or tolerable.

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

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

For the year 2015, RMU conducted the following processes:

1. Classify the case under Section 12(1)(d) of the Registration of Businesses Act 1956, as the Key Risk Indicator in the business registration process.

INTERNAL AUDIT

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

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

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

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

For the year 2015, IAS reviewed the following areas, namely:

1. Fourteen states and one branch office with the audit review covering operational and financial aspects.
2. A review of corporate information process (related to the corporate custodian function of SSM) involving corporate and business data, corresponding images supporting corporate data as well as work processes and its associated internal controls.
3. Functional review of certain divisions of the enforcement office.
4. Functional and operational review of the information systems division and all related activities.
5. Review of certain aspects of administrative, financial and human resource management functions of the organisation.

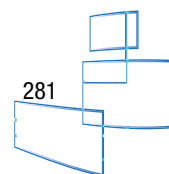
INTERNAL CONTROL

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

- A clear and defined organisational reporting structure with designated lines of reporting and authority
- A consistent policy of training and identification of potential candidates for succession planning so as to enable continuity of critical decision making functions in the event of the absence of a decision making authority.
- The annual key performance indicators (KPI) and key performance target (KPT) formulation and assessment with constant realignment and refinement of processes and procedures to achieve the desired objectives in support of vision and mission of the organisation.
- Constant re-evaluation of controls in systems and procedures for effectiveness and suitability in the current operating situations.

- A paradigm change in the manner of work processes and procedures in which working labs were organised at a functional level to rethink current manner of work processes and adopt a different process approach but with the same final objective in view of preparation for Organisation Transformation Process (OTP) and major amendments to the Companies Act scheduled to be tabled in the year 2015.
- The existence of an integrity section that would monitor good conduct and integrity of staff and investigate all possible instances of misconduct by any staff.
- The computerisation of processes that are high risk for possible abuse such as leave, claims and advances in which application is online and approving authorities are aware of the history and supporting documents tendered online to support such claims.
- A blanket conflict of interest declaration requirement that requires any staff to declare any possible interest or relationship that he or she may have and in which he or she is in a decision making position or has possibility of influencing the said decision.
- The SOP on the procurement process which defines and where procedures are clearly set out specifying and segregating technical and commercial committees which are independent of each other and whose recommendations would be then considered by an independent procurement committee.
- The involvement of the internal auditors as independent observers at all stages of the tender process that promotes transparency and accountability.
- The IT User Policy established to ensure effective protection and proper usage of the SSM's computer systems and peripherals serves as a guide for efficient and disciplined IT Department management and provides unambiguous and precise reference for IT Department personnel in carrying out their duties.
- The IT access policy for back office systems which have been fully computerised enable the user and the approving authority to view levels of access applied for and determine the levels of access relevant to the applicant in relation to the job scope.
- The document classification authority granted to individuals to classify certain documents and subsequent procedures to handle such documents.
- Circulars, memos, process and procedures which are available online for viewing by all staff in our bid to promote awareness and a compliance culture amongst our personnel.
- The official enforcement of an internal Whistle Blower policy based on the provisions of the Whistle Blower Act 2010 together with implementation guidelines of the committee with an aim to ensure that a self-regulatory mechanism which is independent and free from any possible interference exists within the organisation and whistle blowers are free to report on any wrongdoing in SSM by any of its employees irrespective of rank to any agency with enforcement powers.

This statement was presented in the ARMC meeting held on 2 February 2016 and was approved for tabling at the 80th SSM Commission Members Meeting on 18 April 2016 In the said meeting, this statement was tabled and approved without any amendments.





MyLLP

e-Aduan
SBMJ

e-Info

e-Kueri

MyCoID

e-CBID

XBRL

e-Semak

ezBiz

e-Kompaun





FINANCIAL STATEMENTS



**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
COMPANIES COMMISSION OF MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2015**

Report on the Financial Statements

The financial statements of the Companies Commission Of Malaysia have been audited by my representative, which comprise the Balance Sheet as at 31 December 2015 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

The Members' of The Commission Responsibility for the Financial Statements

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

Auditor's Responsibility


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

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

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Companies Commission Of Malaysia as at 31 December 2015 and of their financial performance and cash flows for the year ended in accordance with approved accounting standards in Malaysia.


(SWAIBATUL ASLAMIAH BT HAJI HUSAIN)
for AUDITOR GENERAL
MALAYSIA



PUTRAJAYA
29 JULY 2016

COMPANIES COMMISSION OF MALAYSIA

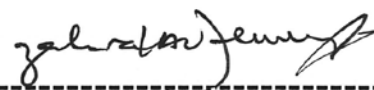
(Established under the Companies Commission of Malaysia Act 2001)

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

We, **DATO' SRI JAMIL BIN HJ. SALLEH** dan **DATO' ZAHRAH BT ABD WAHAB FENNER**, 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 2015 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,

On behalf of the Commission,



Name: **DATO' SRI JAMIL
BIN HJ. SALLEH**
Designation: **CHAIRMAN OF
THE COMMISSION**

NAMA: **DATO' ZAHRAH BT
ABD WAHAB FENNER**
Designation: **MEMBER OF THE
COMMISSION**

Date: **25 JUL 2016**
Place: **KUALA LUMPUR**

Date: **25 JUL 2016**
Place: **KUALA LUMPUR**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

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

I, **ROSLI BIN HJ AHMAD**, 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 14 JUL 2016)



Before me,



Tingkat 11, Blok A2-2, Wisma Yakin
 Jalan Masjid India 50100 Kuala Lumpur

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Non Current Assets			
Property, fittings and equipment	3	123,760,264	130,836,560
Long term investments	4	182,409,939	175,255,283
Work in progress	5	4,816,995	4,837,455
Staff financing	6	61,910,285	56,816,418
		372,897,483	367,745,716
Current Assets			
Trade debtors	7	2,925,716	1,736,102
Other debtors, deposits and prepayments	8	10,840,484	12,753,895
Staff financing	6	4,806,841	4,406,510
Short term investments	9	338,939,249	272,124,690
Inventories	10	277,600	289,540
Cash and cash equivalents	11	33,926,959	283,043,629
		391,716,849	574,354,366
TOTAL ASSETS		764,614,332	942,100,082

Notes on pages 295 to 325 form an integral part of these financial statements.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

	Note	2015 RM	2014 RM
EQUITY AND LIABILITIES			
Equity			
Government grants	12	5,152,876	6,707,876
Retained earnings		589,557,388	478,573,917
Staff financing funds	13	91,000,000	91,000,000
		685,710,264	576,281,793
Non Current Liabilities			
Provision for employee benefits	14	341,123	434,879
		341,123	434,879
Current Liabilities			
Federal Consolidated Fund	15	50,665,060	338,400,226
Other creditors	16	20,662,885	24,141,215
Short term project creditors	17	-	2,841,969
Taxation and Zakat	22	7,235,000	-
		78,562,945	365,383,410
Total Liabilities		78,904,068	365,818,289
TOTAL EQUITY AND LIABILITIES		764,614,332	942,100,082

Notes on pages 295 to 325 form an integral part of these financial statements.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM	2014 RM
Income	18	375,060,960	345,514,451
Operating Expenses:			
Staff costs	19	114,488,178	96,483,493
Administration costs	20	83,126,800	59,150,764
Depreciation	3	8,236,325	18,836,777
Amortization on grants received and long term investments		326,126	(3,980,208)
		<u>206,177,429</u>	<u>170,490,826</u>
Surplus before Federal Consolidated Fund	21	168,883,531	175,023,625
Federal Consolidated Fund	15	50,665,060	172,757,226
Surplus before Taxation		118,218,471	2,266,399
Taxation and Zakat	22	7,235,000	-
Surplus after taxation		<u>110,983,471</u>	<u>2,266,399</u>

Notes on pages 295 to 325 form an integral part of
these financial statements.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Government Grants RM	Accumulated Surplus RM	Staff Financing RM	Total RM
Balance as at 1 January 2014	11,819,069	491,307,518	76,000,000	579,126,587
<u>Net surplus not recognised in the income statement</u>				
Amortization on grants received	(5,111,193)	-	-	(5,111,193)
	(5,111,193)	-	-	(5,111,193)
Additional staff financing funds	-	(15,000,000)	15,000,000	-
Surplus after taxation	-	2,266,399	-	2,266,399
Balance as at 31 December 2014	6,707,876	478,573,917	91,000,000	576,281,793
<u>Net surplus not recognised in the income statement</u>				
Amortization on grants received	-	-	-	-
	-	-	-	-
Additional grant received	(1,555,000)	-	-	(1,555,000)
Surplus after taxation	-	110,983,471	-	110,983,471
Balance as at 31 December 2015	5,152,876	589,557,388	91,000,000	685,710,264

**Notes on pages 295 to 325 form an integral part of
these financial statements.**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RM	2014 RM
<u>Operating activities</u>		
Surplus before taxation	118,218,471	2,266,399
Adjustments for:		
Depreciation	8,236,325	18,836,777
Amortization on grants received	-	(5,111,193)
Amortization on long term investments	326,126	1,130,985
(Gain)/Loss from disposal of property, fittings and equipment	(15,065)	16,650
Profit and dividend from investments	(23,960,246)	(22,875,146)
Operating profit before changes in working capital	102,805,611	(5,735,528)
(Increase)/Decrease in inventories	11,940	1,965,660
(Increase)/Decrease in trade debtors	(1,189,614)	(621,394)
(Increase)/Decrease in other debtors, deposits and prepayments	1,913,411	(3,066,724)
Increase/(Decrease) in Consolidated Fund	(287,735,166)	133,950,909
Increase/(Decrease) in other creditors	(3,478,330)	12,353,680

Notes on pages 295 to 325 form an integral part of these financial statements.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 RM	2014 RM
Increase/(Decrease) in short term project creditors	(2,841,969)	2,841,969
Increase/(Decrease) in provision for employee benefits	(93,756)	(78,620)
Net cash generated from operating activities	(190,607,873)	141,609,952
<u>Cash flow from investing activities</u>		
Acquisition of property, and equipment	(1,166,872)	(2,826,603)
Proceeds from disposal of property, fittings and equipment	21,907	3,298
Work in progress	20,460	(2,855,817)
Placements in investments	(74,295,341)	(97,724,661)
Profit and dividend received	23,960,246	22,875,146
Staff financing	(10,834,673)	(9,869,278)
Repayment received from	5,340,476	5,135,302
Net cash from/(used for) investing activities	(56,953,797)	(85,262,613)
<u>Cash flows from financing activities</u>		
Net cash generated from financing activities	(1,555,000)	-

Notes on pages 295 to 325 form an integral part of these financial statements.

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 RM	2014 RM
Net (decrease)/increase cash and cash	(249,116,670)	56,347,339
Cash and cash equivalents beginning of year	283,043,629	226,696,290
Cash and cash equivalents end of year	33,926,959	283,043,629

**Notes on pages 295 to 325 form an integral part of
these financial statements.**

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****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, Limited Liability Partnership 2012, Trust Companies Act 1949, Kootu Funds (Prohibition) Act 1971 and any subsidiary legislation made under the above Acts.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Preparation

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

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

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**a) Basis of Preparation (continued)**

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**i. Cost**

Property, fittings and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributed to the acquisition of the assets.

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

COMPANIES COMMISSION OF MALAYSIA

(Established under the Companies Commission of Malaysia Act 2001)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****c) Property, Fittings and Equipment (continued)****ii. Depreciation**

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.

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**c) Property, Fittings and Equipment (continued)**

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

d) Impairment of Assets

The carrying amount of property, fittings and equipment are reviewed to determine whether there are any indications of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is recognized immediately as expenditure in the income statement.

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

e) Long Term Investments

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

f) Works In Progress

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

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**NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**I) Employee Benefits****i. 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.

ii. Defined Contribution Plans

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

iii. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****l) Employee Benefits (continued)**

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

- a. cash rewards in lieu of annual leave; and
- b. *saguhati tamat perkhidmatan* to staff with the completion of service.

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**p) Provisions (continued)**

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

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

q) Income Recognition

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

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

i. Service Income

Services income comprise the collection of fees related to registration of companies and businesses and supply of corporate information as prescribed under the Limited Liability Partnership 2012, Companies Act 1965 and the Registration of Businesses Act 1956 respectively. These incomes are recognized upon completion of services rendered.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Income Recognition (continued)

ii. Compound

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 Limited Liability Partnership 2012, 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.

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**r) Financial Instruments**

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015	135,307,436	16,650,580	14,348,434	64,364,161	7,627,681	35,929,686	274,227,978
Additions	-	-	509,571	657,300	-	-	1,166,871
Disposals	-	-	(775,300)	(4,231,125)	(180,093)	(275,102)	(5,461,620)
At 31 December 2015	135,307,436	16,650,580	14,082,705	60,790,336	7,447,588	35,654,584	269,933,229
Accumulated Depreciation and Impairment							
At 1 January 2015							
Accumulated Depreciation	13,530,745	16,354,580	13,370,403	56,543,531	5,508,489	34,932,689	140,240,437
Impairment	-	-	-	3,150,981	-	-	3,150,981
Depreciation for the year	2,706,149	295,989	447,034	2,871,984	918,222	996,947	8,236,325
Disposals	-	-	(768,619)	(4,230,992)	(180,092)	(275,075)	(5,454,778)
At 31 December 2015	16,236,894	16,650,569	13,048,818	58,335,504	6,246,619	35,654,561	146,172,965
Net Book Value							
At 31 December 2015	119,070,542	11	1,033,887	2,454,832	1,200,969	23	123,760,264

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****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 2014	135,307,436	16,650,580	15,014,299	62,170,518	7,627,681	35,929,686	272,700,200
Additions	-	-	91,213	2,735,390	-	-	2,826,603
Disposals	-	-	(757,078)	(541,747)	-	-	(1,298,825)
At 31 December 2014	135,307,436	16,650,580	14,348,434	64,364,161	7,627,681	35,929,686	274,227,978
Accumulated Depreciation and Impairment							
At 1 January 2014							
Accumulated Depreciation	10,824,596	13,024,464	11,923,449	52,488,288	4,432,705	29,989,035	122,682,537
Impairment	-	-	-	3,150,981	-	-	3,150,981
Depreciation for the year	2,706,149	3,330,116	2,184,236	4,596,838	1,075,784	4,943,654	18,836,777
Disposals	-	-	(737,282)	(541,595)	-	-	(1,278,877)
At 31 December 2014	13,530,745	16,354,580	13,370,403	59,694,512	5,508,489	34,932,689	143,391,418
Net Book Value							
At 31 December 2014	121,776,691	296,000	978,031	4,669,649	2,119,192	996,997	130,836,560

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. PROPERTY, FITTINGS AND EQUIPMENT (continued)

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

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

Reclassification of property, plant and equipment on the asset in prior years that have fully depreciated:

	Office Equipment, Furniture and Fittings RM	Renovation RM
Balance as at 31 Disember 2013	15,021,079	35,922,906
Reclassification	(6,780)	6,780
Balance as at 31 Disember 2013	15,014,299	35,929,686

4. LONG TERM INVESTMENTS

	2015 RM	2014 RM
Sukuk	135,356,646	150,708,519
Debt Securities	14,917,000	14,891,253
Trust Account	47,146,718	30,455,563
Unit Trusts	4,928,823	9,324,638
	202,349,187	205,379,973

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****4. LONG TERM INVESTMENTS (continued)**

Long term investments comprise investments in Government Investment Issues, Cagamas Berhad Sukuk, Islamic Medium Term Notes and Unit Trusts with coupon rates ranging from 3.65% to 5.0% (2014: 3.55% to 5.05%). The tenure of placement for these investments is up to ten (10) years.

The Commission also placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The gross profit rate receivable by the Commission is 5.0% per annum (2014: 4.25% per annum) and the tenure of the placement is five (5) years (2014: three (3) years).

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

	2015 RM	2014 RM
Current Assets		
Within one (1) year (See Note 9)	19,939,249	30,124,690
Non-Current Assets		
More than one (1) year and up to five (5) years	172,409,940	175,255,283
More than five (5) years	10,000,000	-
	<u>202,349,189</u>	<u>205,379,973</u>

In the financial year 2014, the Commission approved a maximum sum of RM 10.0 million to be invested in the Unit Trust for a maximum period of three (3) years. The market values of the investment as at 31 December 2015 were as follows:

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4. LONG TERM INVESTMENTS (continued)

	2015 RM	2014 RM
At Cost:		
CIMB-DALI Equity Growth Fund	2,500,000	2,500,000
CIMB-DALI Equity Theme Fund	2,500,000	2,500,000
Public Mutual PEOF	5,000,000	5,000,000
AIIMAN Growth Fund	-	2,500,000
AIIMAN Select Income Fund	-	2,500,000
Diminution In Value:		
CIMB-DALI Equity Growth Fund	(44,053)	(172,079)
CIMB-DALI Equity Theme Fund	(27,123)	(150,821)
Public Mutual PEOF	-	(352,462)
Gain On Disposal:		
Public Mutual PEOF	305,586	-
AIIMAN Growth Fund	-	270,309
AIIMAN Select Income Fund	-	145,374
Market Value:		
CIMB-DALI Equity Growth Fund	2,455,947	2,327,921
CIMB-DALI Equity Theme Fund	2,472,877	2,349,179
Public Mutual PEOF	5,305,586	4,647,538
AIIMAN Growth Fund	-	2,770,309
AIIMAN Select Income Fund	-	2,645,374

The investments in Public Mutual PEOF were disposed in the current financial year.

The investments in AIIMAN Growth Fund and AIIMAN Select Income Fund were disposed in the financial year 2014.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****5. WORK IN PROGRESS**

	2015 RM	2014 RM
Balance as at 1 January	4,837,455	1,981,638
Additional works in progress during the financial year	2,070,849	5,447,117
Transfer to income statement	(1,434,009)	-
Capitalization to property, fittings and equipment	(657,300)	(2,591,300)
Balance as at 31 December	4,816,995	4,837,455

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

The additional work in progress amounting to RM 2,070,849 (2014: RM 5,447,117) was derived from the existing and newly awarded information and communication technology projects which were still under development in the current financial year. These projects were classified as works in progress in the current year based on invoices received.

Works in progress amounting to RM 657,300 (2014: RM 2,591,300) were capitalized in the current financial year.

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6. STAFF FINANCING

	2015 RM	2014 RM
Home financing	77,176,381	71,254,426
Motor vehicle financing	3,746,839	3,023,927
Computer financing	15,9939	170,537
Gross amount of financing	81,083,159	74,448,890
Unearned profits from financing	(14,366,033)	(13,225,962)
Present value of minimum payments receivable	66,717,126	61,222,928

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

Gross amount of financing:

Within one (1) year	4,887,626	4,503,262
More than one (1) year and up to five (5) years	21,725,074	19,914,448
More than five (5) years	54,470,459	50,031,180
	81,083,159	74,448,890

Present value of minimum payments receivable:

Within one year	4,806,841	4,406,510
More than one year and up to five years	21,711,153	19,616,428
More than five years	40,199,132	37,199,990
	66,717,126	61,222,928

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6. STAFF FINANCING (continued)

Staff financing relates to Islamic home, motor vehicle and computer financings approved to the employees of the Commission. The motor vehicle and computer financings are repayable over a maximum period of nine (9) years and four (4) years (2014: eight (8) years and four (4) years) respectively with a profit rate of 4% per annum (2014: 4% per annum). The home financing is repayable over a maximum period of thirty (30) years with a profit rate of 2% per annum (2014: 2% per annum).

The effective profit rates for these staff financing is 7% to 9% per annum (2014: 7% to 9% per annum).

At the end of 2015 the Commission has agreed and approved the outsourcing of the home financing to the Bank Kerjasama Rakyat Malaysia Berhad with effect from 1 January 2016.

7. TRADE DEBTORS

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2015 RM	2014 RM
Profit and dividend receivables	7,270,690	5,346,263
Deposits and prepayments	1,400,873	5,924,868
Advances to employees	79,560	195,595
Other receivables	1,069,297	1,287,169
GST Claimable	1,020,064	-
	10,840,484	12,753,895

Included in the profit and dividend receivables is the advanced dividend payment from Mudharabah Deposit Account (MDA) amounting to RM28,685 (2014: RM137,613).

9. SHORT TERM INVESTMENTS

	2015 RM	2014 RM
Commodity Murabahah Deposits	289,000,000	197,000,000
Uncallable Negotiable Instruments Debt Certificate	30,000,000	45,000,000
Long Term Investments mature in twelve (12) months (see Note 4)	19,939,249	30,124,690
	338,939,249	272,124,690

The Commission purchased Negotiable Instrument Debt Certificates, *Uncallable Negotiable Instrument Debt Securities* and *Commodity Murabahah Deposits* through various licensed financial institutions. The effective profit rate receivable by the Commission for these securities ranged from 2.90% to 3.61% per annum (2014: 3.6% to 4.20% per annum) and their tenure is up to twelve (12) months.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****10. INVENTORY**

	2015 RM	2014 RM
Balance as at 1 January	289,540	2,255,200
Purchases	-	-
Sales	(11,940)	(1,965,660)
Balance as at 31 December	277,600	289,540

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

	2015 RM	2014 RM
Cash and bank balances	23,296,959	159,043,629
Deposit placements with :		
Licensed local banks and financial institutions	10,000,000	124,000,000
	33,296,959	283,043,629

The effective profit rate for Al-Mudharabah general investments and Al-Mudharabah special investment with banks and financial institutions ranged from 2.75% to 3.61% per annum (2014: 3.40% to 3.95% per annum).

The tenure of the Al-Mudharabah general investment is thirty (30) days to one (1) year (2014: thirty (30) days to one (1) year), and for the Al-Mudharabah special investment is one (1) night to ninety (90) days (2014: one (1) night to ninety (90) days).

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NOTES TO THE FINANCIAL STATEMENTS

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12. GOVERNMENT GRANTS

	2015 RM	2014 RM
Balance as at 1 January	6,707,876	11,819,069
Amortization on grants received	-	(5,111,193)
Adjustment	(1,555,000)	-
Balance as at 31 December	5,152,876	6,707,876

Government grants include operating grants provided by the Government, development grants approved under the Ninth Malaysian Plan (RMK-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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****13. STAFF FINANCING FUNDS**

	2015 RM	2014 RM
Home financing fund	80,000,000	80,000,000
Motor vehicle financing fund	10,000,000	10,000,000
Computer financing fund	1,000,000	1,000,000
	91,000,000	91,000,000

Financing fund of RM 80.0 million, RM 10.0 million and RM 1.0 million for home, motor vehicle and computer financing funds respectively for employees of the Commission.

No additional funds are made in home finance in the current financial year as the Commission has agreed and approved the outsourcing of the home financing to the Bank Kerjasama Rakyat Malaysia Berhad with effect from 1 January 2016.

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14. PROVISION FOR EMPLOYEE BENEFITS

	2015 RM	2014 RM
Balance as at 1 January	509,040	561,504
Payments made to employees in current year	(93,688)	(52,464)
Balance as at 31 December	415,352	509,040

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

Current liabilities

Within one year (See Note 16)	74,229	74,161
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Long term liabilities

More than one year and up to five years	288,496	303,819
More than five years	52,627	131,060

Current liabilities	415,352	509,040
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In year 2012, a retirement option up to the age of sixty (60) years old was offered to all Commission employees under the Government Pension Scheme in line with the Government's option to increase the retirement age up to 60 years old.

At the end of 2015 the Commission has agreed and approved the cash rewards in lieu of annual leave and "saguhati tamat perkhidmatan" to staff with the completion of service with effect from 1 January 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****15. FEDERAL CONSOLIDATED FUND**

	2015 RM	2014 RM
Balance as at 1 January	338,400,226	204,449,317
Provision for revenue payable to Federal Consolidated Fund	50,665,060	172,757,226
Payments made during the year to the Federal Consolidated Fund	(338,400,226)	(38,806,317)
Balance as at 31 December	50,665,060	338,400,226

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

Payment to the Federal Consolidated Fund in the current financial year of RM 338,400,226 is a breakdown of the allocation in 2014 and 2013 of RM 172,757,226 and RM 165,643,001 respectively.

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

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. OTHER CREDITORS

	2015 RM	2014 RM
Payables and accruals	12,663,238	21,024,047
Statutory payables	486,291	453,378
Trustee accounts	5,307,733	1,192,988
Other creditors (see Note 14)	2,205,623	1,470,802
	20,662,885	24,141,215

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

17. SHORT TERM CREDITORS

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****18. INCOME**

	2015 RM	2014 RM
Net income from operating activities:		
Services income	287,811,660	281,215,479
Compounds	56,500,180	35,596,217
Corporate Training Programs	2,452,267	2,381,268
Other income:		
Profits and dividend	23,960,246	22,875,146
Other income	4,336,607	3,446,341
	375,060,960	345,514,451

19. STAFF COSTS

	2015 RM	2014 RM
Salaries	58,569,349	53,365,567
Fixed allowances	13,639,653	7,863,535
Statutory contributions	14,835,252	12,963,342
Overtime allowance	905,111	749,068
Bonus and other benefits	18,615,041	15,201,406
Medical benefits	6,724,478	5,921,381
Members' allowances	1,155,719	372,240
Subsidies to staff on Government loan	43,575	46,954
	114,488,178	96,483,493

The number of employees of the Commission as at 31 December 2015 was 1,308 inclusive of 111 temporary staff (2014: 1,283 inclusive of 77 temporary staff).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. ADMINISTRATION COSTS

	2015 RM	2014 RM
Travelling and accommodation	6,067,041	4,113,464
Communication and utilities	8,329,881	8,332,636
Rental	14,190,457	14,902,963
Printing and stationeries	3,637,960	3,265,517
Upkeep of equipment	23,636,023	14,321,628
Office maintenance and security	3,948,140	3,871,665
Professional fees	8,951,220	4,239,727
Entertainment and hospitalities	12,365,366	4,576,714
Other administrative costs	2,000,712	1,526,450
	83,126,800	59,150,764

21. SURPLUS BEFORE TAXATION

	2015 RM	2014 RM
Surplus for the year before taxation is derived after crediting: -		
Profits and dividend	23,960,246	22,875,146
Miscellaneous income	2,083,871	1,874,268
Rental of real property	1,633,486	1,572,610
Gain on disposals of property, fittings and equipment	15,065	-
Reversal of Diminuation in Value	604,185	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015****21. SURPLUS BEFORE TAXATION (continued)**

And charging: -		
Members' allowance	1,155,719	372,240
Auditors' remuneration	69,355	65,000
Bonus and other benefits	18,615,041	15,201,406
Depreciation	8,236,325	18,836,777
Loss on disposals of property, fittings and equipment	-	16,650
Amortization on grants received	-	(5,111,193)
Amortization and diminution on long term investments	326,426	1,130,985
	<hr/>	<hr/>

22. TAXATION AND ZAKAT

	2015 RM	2014 RM
Taxation and Zakat	<u>7,235,000</u>	<u>-</u>

The Ministry of Finance had granted exemption from payment of income tax on all statutory income of the Commission for a period of ten (10) years from year of assessment 2002 until year of assessment 2011 and had agreed to grant an extension of the tax exemption for a period of five (5) years from year of assessment 2012 until year of assessment 2016.

In computing the provision for zakat, the Commission adopted the method of Working Capital (Syar'iyah), which takes into account the position of current assets less current liabilities, and made adjustments to several matters relating to zakat.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. CAPITAL COMMITMENTS

	2015 RM	2014 RM
Capital expenditure commitments :		
Approved and contracted for	2,927,816	4,117,865
	2,927,816	4,117,865

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, profits and interest rate risk and fair value.

(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.

COMPANIES COMMISSION OF MALAYSIA

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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

(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.

25. APPROVAL OF FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2015 were tabled and duly approved by the Members of the Companies Commission of Malaysia through Circular Resolution dated 25 July 2015.

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