

SSM at a *Glance*

The Companies Commission of Malaysia (SSM), under the purview of the Ministry of Domestic Trade and Consumer Affairs, is a statutory body that regulates companies and businesses in Malaysia pursuant to the Companies Commission of Malaysia Act 2001 (CCM Act 2001). SSM, which was established on 16 April 2002, was formed as a result of a consolidation between the Registrar of Companies (ROC) and the Registrar of Businesses (ROB) in Malaysia. It is the sole regulatory authority responsible for the incorporation of local companies, registration of foreign companies, registration of businesses, and serves as the custodian as well as the provider of both corporate and business information.

Historically, SSM has a rich heritage. It has its roots in 1898 and 1939 respectively when the ROC and the ROB were first established. Today it brings a wealth of expertise of over a hundred years in the management of the business environment in Malaysia. SSM is a self-funding organisation which sustains itself from the revenue earned from the incorporation of companies, registration and renewal of businesses, lodgement of statutory documents, and the provision of products and services (i.e. corporate and business data).

Functions

SSM's functions are spelt out in Section 17 of the CCM Act 2001 as follows:

- to ensure that provisions of the relevant laws are administered, enforced, given effect to, carried out and complied with;
- to act as agent of the Government and to provide services in administering, collecting and enforcing payment of prescribed fees;
- to regulate matters relating to corporations, companies and businesses in relation to the relevant laws;
- 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;
- to enhance and promote the supply of corporate information under the relevant laws, and to create and develop a facility whereby any corporate information received by, or filed or lodged with the Commission may be analysed and supplied to the public;
- to carry out, research and commission studies on any matter relating to corporate and business activities; and
- to advise the Minister generally on matters relating to corporations, companies and businesses in relation to the laws administered by SSM.

SSM is responsible for administering and enforcing the following legislations and the regulations made pursuant thereto:

- Companies Act 1965 (Act 125);
- Registration of Businesses Act 1956 (Act 197);
- Trust Companies Act 1949 (Act 100); and
- Kootu Funds (Prohibition) Act 1971 (Act 28).

SSM shares the government's aspirations towards nation building and creating a conducive environment for both corporate and businesses advancement in the country.



Minister's Foreword

Datuk Hj Mohd Shafie Hj Apdal
Minister of Domestic Trade and
Consumer Affairs

“ FY2007 WAS A YEAR IN WHICH MANY OF SSM'S KEY OBJECTIVES WERE ACHIEVED AND I AM PROUD OF THE INVALUABLE CONTRIBUTIONS SSM HAS MADE TO THE BUSINESS COMMUNITY. THE EFFORTS BY SSM HAVE ENSURED MALAYSIA WILL CONTINUE TO BE ONE OF THE PREFERRED BUSINESS DESTINATIONS AMONG INTERNATIONAL INVESTORS, ANALYSTS AND THE COMMERCIAL FRATERNITY ”

Last year proved to be an important year for Malaysia as the country began the implementation phase of the Ninth Malaysia Plan (2006-2010). This has already significantly strengthened the core aspects of the nation's economic structure and created a platform for the delivery of the national economic and social agendas. A mark of Malaysia's economic confidence can be witnessed by the fact that the rates of inward investments remain healthy despite the threat of rising fuel prices and the consequential downturn in world economic growth. Whilst Malaysia cannot wholly insulate itself from international economic problems, we can be confident that our economic fundamentals are now stronger than ever and sufficient to weather the global uncertainties. The Government's commitment to prudent financial management and careful economic planning means that unlike some nations we shall continue to be able to sustain growth levels and prosperity.

The Government of Malaysia under the able leadership of the Prime Minister YAB Datuk Seri Abdullah Haji Ahmad Badawi has and will continue to focus on strategies that will lever

the economy up the value chain. SSM, under the purview of the Ministry of Domestic Trade and Consumer Affairs, has contributed to this success and will continue to play its role with ever expanding capability and commitment.

FY2007 also marked the tenth anniversary of the start of the Asian financial turmoil. The events that began with the collapse of the Thai baht in July 1997 eventually cost the region tens of billions of US dollars and generated speculations about a 'lost decade' in Asia, says a McKinsey report. Now Asia's financial system is better structured and stronger than it was in 1997 and the region appears set to play an increasingly important role in the years ahead.

Any change in the business climate can affect all sectors and levels of society. In the 21st century, the task of reducing risk and vulnerability to the vagaries of business change has become a crucial matter particularly for the world's developing countries. The processes of economic adaptation are not new. Throughout history, people have been adapting to changing conditions, brought on by fierce competition, technological advances, evolving financial

landscapes, new legal frameworks, Government policy initiatives and global economic trends. In some cases, economic changes have been accompanied by violent social upheavals. This has not been the case in Malaysia where the Government has taken positive steps to mitigate economic hardships and systematically reduce poverty.

Change, it is said, is as inevitable as the laws of physics. What is innovative is the idea of incorporating risk management strategies into policy making in order to be proactively responsive to change. Although our understanding of change and its potential impact has become clearer, the Government will continue developing practical coping strategies without losing sight of the big picture.

SSM has formulated, planned and installed several initiatives to support the government's agenda in making the country as one of the most business supportive nations in this region. Part of this work has involved developing the legal framework to make it more relevant. In addition, SSM has spearheaded corporate governance framework, educational programmes and enforcement activities, expedited business and corporate registrations and upgraded operations and processes. All these initiatives have enhanced the efficiency and effectiveness of SSM's customer service standards. The KPIs in the Client Charter have been met and in some cases surpassed, for example, investors and businessmen can now set up companies and businesses within a day and an hour respectively. In fact, in

some areas we have even exceeded global standards putting us ahead of some of the world's leading economies.

The momentum for growth and expansion continues to look bright for Malaysia. The Government will continue to ensure that the business infrastructure meets the needs of an expanding economy and provides appropriate investment incentives. As one of the authorities for the improvement of corporate governance and best business practices, SSM will continue to ensure compliance with business registration and corporate legislation through effective enforcement and monitoring. In this way, we will be able to nurture and sustain an ethical business environment, and confidently anticipate other positive developments in the corporate and business sectors.

I am confident that all in the business community will continue to work together with SSM and the Government to ensure Malaysia's continued prosperity and social well-being.

Datuk Hj Mohd Shafie Hj Apdal

Minister of Domestic Trade and
Consumer Affairs

28 January 2008



Chairman's Message

Dato' Mohd Zain Mohd Dom
Chairman
Companies Commission of
Malaysia

“ SSM ALSO DEMONSTRATED THE DIFFERENCE IN A MORE EFFICIENT QUALITY SERVICE DELIVERY FOR AN ORGANISATION THAT CATERS TO MORE THAN 800,000 COMPANIES AND 3.5 MILLION BUSINESSES NATIONWIDE ”

Once again, our commitment to running a responsive and responsible organisation has provided a firm foundation for success - making FY2007 another good year for the Companies Commission of Malaysia (SSM). The year under review saw us building on our strong reputation for customer focus, ethical principles, innovative product development, quality service delivery, information and communication technology (ICT) savviness, and enforcement in line with the legislative requirements. These priorities have continued to be a powerful formula for sustainable growth and performance. It also demonstrated the difference in a more efficient quality service delivery for an organisation that caters each year to more than 800,000 companies and 3.5 million businesses nationwide.

During the year ended 31 December 2007, SSM provided for a well-organised business climate. Through its many initiatives including an organisational restructuring that took effect from 1 January 2007, the turf was set for innovation, relevance with the times, and compliance with best business practices among the business community. The aim of the restructuring is to support the execution of SSM's Strategic Direction Plans. ICT was a key driver, improvements to the framework were imperative, quality customer service made

more meaningful, competencies enhanced, compliance and enforcement pursued, operating methodologies re-engineered, marketing innovated and SSM employees retrained. As a result, our world ranking for conducting business in Malaysia improved to 24 in 2007, up three notches from 27 in 2006.

Good governance, compliance and *'Balanced Enforcement'*, and best business practices were also key imperatives. On this note, SSM had during the year under review introduced new developments in these areas that are explained in greater detail in this Annual Report.

Efficient public service is a key factor in ensuring a conducive environment for attracting private investment. The Government has taken numerous measures to ensure the efficiency of the delivery system, including the establishment of the Special Task Force to Facilitate Business (PEMUDAH). The composition of PEMUDAH, which included representatives from the private and the public sectors, focused on aspects relating to enhancing the efficiency of the public service delivery as well as improving the nation's competitiveness. In aligning its functions with the Government's aspirations, SSM had unveiled its new Client Charter which among others witnessed the reduction of time for

the incorporation of companies from five days to one day and the reduction of time for registration of businesses from three days to one hour. The new SSM Client Charter is an example of a significant achievement made possible pursuant to clear organisational vision, commitment and hard work.

With the internet evolving into smarter dimensions - an evolution prompted in part by new technological developments, it has become a more widespread platform for interaction, communication, and activism. The world increasingly desires to engage online with one another. SSM being aware of the potential represented by ICT, and has embarked on a strategic project to harness such potential in the form of its electronic initiatives seen in e-Lodgement and e-Info. The e-Lodgement, an online service introduced on 21 May 2007, is meant to facilitate the lodgement of various statutory documents via the internet. The e-Info on the other hand, is a service to enable online procurement of corporate information kept within SSM's database. First introduced in July 2006, the e-Info product range has expanded with the introduction of new product such as the Company Information Data e-Info introduced in 2007. I share SSM's vision that these two electronic initiatives by SSM will change the way of doing business in Malaysia in the near future.

As SSM looks forward to the opportunities and challenges presented by a buoyant economy and the ensuing development of business growth and expansion, it is encouraging to report that SSM faces the future from a strong and confident position. We have put in place

the facilities to reap growth, handle key stakeholder expectations and manage key deliverables. I believe the team at SSM led by its Chief Executive Officer is spearheading this pivotal role in achieving SSM's desired goals and objectives.

I would like to congratulate the management and staff of SSM on a well-done effort for FY2007 and look forward to a greater year ahead in FY2008.

Syabas!

Dato' Mohd Zain Mohd Dom

Chairman

COMPANIES COMMISSION OF MALAYSIA

24 January 2008

A man with glasses and a mustache, wearing a dark suit and a red tie, is sitting on a light-colored sofa. He is holding a book titled "STRATEGIC MANAGEMENT" and looking towards the camera. The background is a bright blue sky with white clouds and a beach scene with waves. The text "CEO's Review of The Year" is overlaid in white serif font.

CEO's Review of The Year

Abdul Karim Abdul Jalil
Chief Executive Officer
Companies Commission of
Malaysia

“ THE CORPORATE WORLD IS LIKE THE OCEAN: IT HAS VAST POTENTIAL, CONTAINS DIVERSE AND ABUNDANT LIFE FORMS AS WELL AS REPRESENTS AN IMPORTANT SOURCE OF FOOD FOR MANKIND ”

FY2007 has been a year of many accomplishments for SSM, particularly in delivering improvements to the services we offer as well as the continuing rise in the compliance rate. I would like to attribute these achievements to the spirit of cooperation and commitment amongst all SSM staff. Apart from the continuous support from members of the industry, professional bodies as well as the Government, the successes achieved in FY2007 would not have been possible without all SSM staff giving their very best in their undertakings. The string of achievements are testimony to the fact that with commitment and determination, we can bring out the very best in ourselves.

The corporate world is like the ocean: it has vast potential, contains diverse and abundant life forms as well as represents an important source of food for mankind. The bond between mankind and the ocean was established since time immemorial. Like the ocean, the corporate world is endowed with opportunities for those willing and brave enough to sail through its many forms of challenges. For a corporate regulator like SSM, the challenges lie in the form of providing a conducive corporate regulatory framework, meeting stakeholders expectations, providing efficient services, striving to be contemporary, balancing the need to enforce and nurture, fulfilling the national agenda and many others. Despite the challenges that came

in many forms, I am proud to state that for FY2007, we were successful on many fronts. FY2007 in a nutshell was a year of excellence for SSM.

Enhancing The Public Service Delivery System

After considerable deliberation and review of its work processes, SSM had embarked on a large scale 'restructuring' of its internal procedures and processes. Such deliberations and reviews had borne positive results and have been reflected in the new Client Charter which was unveiled on 6 March 2007. SSM's new Client Charter will witness the speedy and efficient approval or registration of various key transactions involving SSM. Chief among the enhancements featured in the new Client Charter include the shortening of the period to register a business from three days to one hour, approval of company name from five days to one day, incorporation of companies from three days to one day and registration of a charge from five days to two days. The shortening of the processing time for the transactions stated in the new Client Charter was in line with the Government's Special Task Force to Facilitate Business' (*PEMUDAH*) aspiration to achieve a globally benchmarked, customer-centric, innovative and proactive public service in support of a vibrant, resilient and competitive economy.

Harnessing the Power of Information and Communication Technology (ICT)

In further enhancing its public service delivery system, SSM had rigorously embraced the ICT culture towards achieving better stakeholder penetration and accessibility. Ever since the era of information technology was embraced by the country, SSM had long since dreamt of the day when businesses could be registered and companies could be incorporated online. In fulfilling this dream, SSM together with the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) had embarked on developing and installing the necessary tools to enable online transactions to be undertaken. The initiative, known as 'e-Lodgement' would enable various documents to be lodged via the internet, without having to perform over-the-counter transactions. The development of e-Lodgement was a concerted effort of all the various elements within SSM and involved amendments to the legal framework, development of new policies, revision of procedures, purchase and development of the required software and hardware as well as formulation of strategies. The e-Lodgement initiative was divided into e-Lodgement for businesses and e-Lodgement for companies. The former was rolled out on 21 May 2007 and enabled the registration and renewal of businesses to be conducted online. Due to the multi-faceted aspects of the incorporation and administration of companies, the e-Lodgement system for companies was developed in phases. I am happy to announce that Phase one of e-Lodgement for companies which include transactions such as name search, incorporation of a local company, change of name of a

company, application and renewal for Company Secretary's Licence was rolled out in November 2007. Hardly a month later, additional services such as the filing of annual returns, notice of change of registered office, return for change of directors, managers and company secretaries, and the return of allotment of shares were offered. The development of SSM's e-Lodgement is a breakthrough in the country's changing corporate landscape. It proves that SSM is adaptable and responsive to the evolution in the corporate world. Insha'Allah, with the introduction of the e-Lodgement system, it will enhance Malaysia's competitiveness as an international business centre. Apart from encouraging and facilitating foreign investments, the e-Lodgement system is set to spur local participation in the economy as the process of doing business has transcended beyond the usually prescribed office hours.

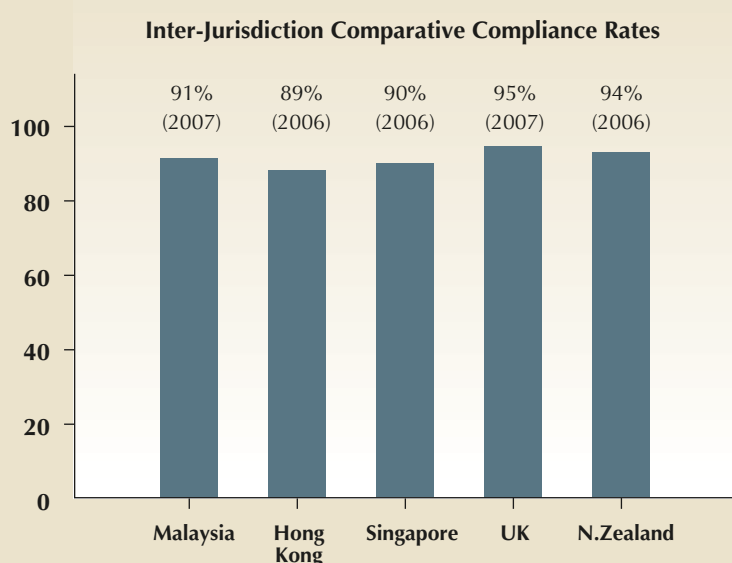
Continuity of the Concept of 'Balanced Enforcement'

The concept of 'Balanced Enforcement', first introduced in 2006, was further augmented with more robust and proactive conventional enforcement initiatives such as investigations, inspections, prosecution of offences, compounding of offences and issuance of reprimand letters. In FY2007, SSM had embarked on yet another novel enforcement approach by way of database enforcement. This methodology entails the inspection of corporate information stored in SSM's database for breaches involving the failure to lodge statutory documents. Database inspection was a success story in that it had resulted in the increase of compliance rate as well as the

amount of compounds collected. At the same time, SSM was also active in undertaking enforcement by way of education, a methodology often overlooked and taken lightly by many enforcement agencies and regulatory bodies. To this extent, SSM believes that the conventional enforcement methodologies should be balanced with enhanced awareness of the prohibitions and obligations imposed by the existing legal framework to maximise the effect of compliance. SSM had embraced the wide definition of enforcement, which connotes anything done to ensure compliance of the law including the instilling of awareness amongst the business community, professionals and members of the public in general through education. In FY2007, SSM was very proactive in conducting seminars and conferences, participating in roadshows and exhibitions, organising dialogues and undertaking various media appearances to spread the message of compliance. As a result, FY2007 witnessed the

consistent improvement of compliance rate to 91 per cent, beyond the initial targeted rate of 85 per cent. Now, Malaysia can stand tall with other jurisdictions possessing commendable compliance rates such as Hong Kong, Singapore, the United Kingdom and New Zealand.

The pursuit of *'Balanced Enforcement'* received another major boost with the establishment of SSM's very own Training Academy in April 2007. The Training Academy, which is of Divisional status, is headed by a Director and is responsible for coordinating and organising trainings for SSM's staff as well as its stakeholders. SSM aspires the Training Academy to be the premier learning centre for business and corporate studies by providing relevant knowledge to our internal and external stakeholders. Again, this task represents a huge undertaking on the part of SSM but with a similar level of commitment shown by everyone throughout FY2007, this ambition will be fulfilled in the near future.



In pursuing the concept of '*Balanced Enforcement*', SSM has the unenviable task of striking a degree of balance between enforcing the legal provisions, punishing offenders and nurturing businesses. In partaking the role of an enforcer, it is imperative for SSM to take the necessary enforcement actions against the offenders. However, such actions were necessary to ensure the corporate environment remains sustainable for *bona fide* businessmen and to safeguard public interest.

Enhancing the National Corporate Governance Framework

SSM has been given the statutory mandate under Section 17 of the CCM Act 2001 to administer, enforce and regulate matters pertaining to corporations and businesses. Under the same provision, SSM is also entrusted to encourage and promote good corporate governance. In carrying out its statutory mandate, SSM had in FY2007 introduced various amendments to the Companies Act 1965 (CA 1965) which substantially incorporated amendments pertaining to corporate governance. The amendments to the CA 1965, touched on important issues such as the functions and powers of the board of directors, the level duty of care, skills and diligence expected from directors, statutory recognition of common law principles such as the business judgement rule and delegation of directors' duties and responsibilities. In addition, the amendments also sought to ensure the sanctity of transactions by way of disclosure and required all public companies and subsidiaries

of public companies to establish a system of internal control to safeguard company assets and to ensure that all transactions are properly authorised and recorded. All these were designed to strengthen the Malaysian corporate governance framework. Other corporate governance related amendments included the introduction of a '*whistle-blowing*' obligation on the part of auditors of public companies or companies controlled by public companies, with regard to serious offences involving fraud or dishonesty. In return for the information and cooperation extended by such auditors, they will be given immunity from civil proceedings, criminal prosecution or disciplinary proceedings. In this regard, SSM has taken into consideration contemporary issues such as the Enron and Worldcom debacles as well as the collapse of several local companies during the height of the Asian financial crisis which occurred between 1997 and 1998. The amendments to CA 1965 followed closely the recommendations outlined in the High Level Finance Committee Report on Corporate Governance in March 1999.

Under the theme of corporate governance, other amendments introduced included '*whistle-blowing*' provisions by officers of a company, provisions pertaining to statutory derivative actions by shareholders and provisions pertaining to injunctions. These provisions complemented the aspect of directors' corporate governance by protecting officers of companies who provide information on breaches to the Registrar, encouraging shareholder activism and providing an efficient and speedy avenue to safeguard the interest of a company.

In the World Bank's Report, 'Doing Business 2008', Malaysia was ranked 24th out of 178 economies surveyed. Malaysia also scored a full ten for extent of disclosure index and nine out of ten for extent of directors' liability index. These are indeed positive and encouraging assessments of the Malaysian corporate governance framework. With the new amendments in place, SSM is confident that the country's standing on corporate governance issue will be sustained, if not further improved in the near future.

Milestones in Revenue Collection

In FY2007, for the first time in history, SSM was able to surpass the RM300 million mark by collecting a total revenue of RM313.5 million. Previous revenue collections in FY2005 and FY2006 stood at RM251.9 million and RM276.4 million respectively. This was made possible due to the dedication of SSM staff, particularly counter personnel who spent countless hours dealing with members of the public, concerted efforts like the mobile counter initiative, collection of compounds, the sale of products such as the Commemorative Certificate, corporate data and statistics as well as services such as e-Info. With the significant amount of revenue collected, SSM was able to contribute more than RM156 million to the Government. In this regard, SSM is proud to play its role in nation-building by making such significant contribution. Indeed, the theme of this year's Annual Report, **"The Mighty Ocean"** duly reflects the vast and under-tapped potential represented by the country's economic growth coupled with

the desire of the members of the public to unlock the wealth potentials represented in the business sector. I believe FY2007's revenue collection will serve as a benchmark for SSM's future earnings. As a self-funding institution, whilst we are not profit orientated, the creation of a sustainable growth pattern is important to fund SSM's internal operations as well as to continuously enhance its public service delivery system.

Entering the International Arena

SSM recognises the importance of establishing international networkings and playing a role in this era of globalisation. In FY2007, SSM jointly organised with Singapore's Accounting & Corporate Regulatory Authority (ACRA), the Corporate Registers Forum (CRF) 2007. The CRF, an international non-profit organisation for administrators of corporates and securities registers, provides a platform for member countries to exchange experience and knowledge on matters pertaining to corporate regulatory framework, public service delivery, collection and maintenance of corporate data and others. The CRF 2007 was the fourth CRF gathering, having previously been organised in Auckland, Melbourne and Hong Kong. Malaysia, through SSM, was given the honour to organise the event in Kuala Lumpur while the second leg of the event was held in Singapore. I am also humbled by the member countries' decision to appoint Ms Juthika Ramanathan of ACRA and myself as the Joint Chairs for the 2007/2008 session of the esteemed body. I attribute my appointment to SSM in particular

and the country in general. SSM has also become a point of reference for matters such as the enhancement of the corporate legal framework, public service delivery system and enforcement by other countries. We are ever willing to share our knowledge and experience with our international counterparts while at the same time learning from them.

Enhancement of SSM's Internal Administration and Management

FY2007 also witnessed various improvements made to SSM's internal administration and management. SSM introduced the concept of risk management and project management to ensure the efficient and effective execution of projects and activities. In addition, SSM had also embarked on a revision of its staff salary structure as well as increasing the staff's Cost of Living Allowance (COLA) in line with the move by the government's increase in the salary of public servants. Such a salary increase is aimed at rewarding the SSM staff for their hard work and commitment, retaining existing talents as well as attracting future employees. SSM's salary structure, incentives and benefits now match that of the private sector. SSM values its human capital and believes in the constant upgrading of skills and knowledge. As such, SSM staff have been sent to attend courses and seminars, both locally as well as overseas. The skills and knowledge acquired have been put to good use for the benefit of the organisation. The newly established Training Academy will play an important role in enhancing SSM's human capital capacities and capabilities.

Other initiatives carried out and aimed at enhancing SSM's internal management include the establishment of the Integrity Section and the revision of standard operating procedures.

Embracing 2008

All in all, FY2007 was a year of excellence for SSM. I believe all SSM staff shall treasure the many successes of the year and aspire to achieve a better performance in FY2008. In charting the path for next year, the Strategic Thrusts 2008 will be used as the guiding principle. I am truly excited at embarking on another fruitful year together with all SSM staff. Projects such as the roll out of the entire spectrum of e-Lodgement services, the introduction of new products and services, the introduction of an alternative business vehicle, a holistic and comprehensive revision of the CA 1965, the implementation of SSM's five-year Information Technology Strategic Plan (ISP), succession planning, knowledge management, improvements in SSM's financial management system and many others will certainly keep everyone in SSM busy throughout the year. All these and many more are done with a single objective – to make SSM a centre of excellence.

Abdul Karim Abdul Jalil

Chief Executive Officer

COMPANIES COMMISSION OF MALAYSIA

21 January 2008

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SSM Commission Members



SSM Commission Members

The SSM Commission is composed of eight distinguished individuals tasked with the role of governing, guiding and monitoring the direction of the organisation. They are appointed by the Minister of Trade and Consumer Affairs pursuant to the provision of Section 6(2) of the CCM Act 2001. Towards ensuring SSM continues to be in alignment with the aspirations of the Government, the provision of CCM Act 2001 requires three members to come from the public service. The diverse background of the Commission Members that comprise of legal practitioners, corporate members and senior Government officials has been able to provide solid direction for SSM to carry out its statutory mandates. Various achievements and improvements especially under the ambit amongst others, the public service delivery, internal organisational administration and improvement of the corporate legal framework were achieved under the guidance of the Commission Members. SSM has benefited tremendously from the invaluable experiences and expertise of the Commission Member.

During the year under review, the Commission Members met on eight occasions to deliberate and put in place long-term strategic plans, monitor the performance of the Key Performance Indicators (KPIs) and determine various issues brought before them. The Commission Members are committed to ensuring good governance and best practices. The details of the meetings of the Commission Members are as follows:

Details of the Commission Members Meetings for FY2007

Commission Members Meeting	36 th Meeting 16/1/07	37 th Meeting 6/3/07	38 th Meeting 8/5/07	39 th Meeting 5/7/07	40 th Meeting 21/10/07	41 st Meeting 25/10/07	Special Meeting No. 1/2007 15/11/07	42 nd Meeting 4/12/07
Present	6 members	8 members	8 members	6 members	6 members	6 members	5 members	8 members
Absent	2 members	0 member	0 member	2 members	2 members	2 members	3 members	0 member

SSM Commission Members

Puan Siti Halimah Ismail

Tuan Haji Abdillah
Haji Abdul Hamid

Dato' Idrus Harun

Encik Idris Abdullah



Encik Abdul Karim Abdul Jalil
(Chief Executive Officer)

Puan Zaiton Mohd Hassan

Dato' Mohd Zain Mohd Dom
(Chairman)

Y.B. Razali Ibrahim



Commission Members' Profile



**Dato' Mohd Zain
Mohd Dom**
(Chairman)

Dato' Mohd Zain Mohd Dom

Dato' Mohd Zain holds a Bachelor's degree in Sociology. He started his career in the diplomatic service in 1976 and has, amongst others, held the positions of Assistant Under Secretary and Principal Assistant Director of the International Trade Division, Assistant Permanent Malaysian Representative to Geneva and Deputy Permanent Representative to the United Nations, Geneva (International Trade Division). Other notable appointments include being the Minister Counsellor for Economic Affairs of both the Malaysian Permanent Representative Office to the European Union (EU), Brussels and the Malaysian Permanent Representative Office to the World Trade Organisation (WTO), Geneva. He was the Lead Negotiator for the Malaysia-Australia Free Trade Agreement (FTA), the Malaysia-New Zealand FTA as well as the ASEAN-Australia-New Zealand FTA negotiations in 2005 and 2006.

Dato' Mohd Zain was appointed Secretary General of the Ministry of Domestic Trade and Consumer Affairs on 6 February 2007. He was appointed Chairman of SSM on 1 March 2007.



**Encik Abdul Karim
Abdul Jalil**
(Chief Executive Officer)

Encik Abdul Karim Abdul Jalil - CEO

Encik Abdul Karim's public service career spans from being Deputy Public Prosecutor at the Attorney General's Chambers, Senior Federal Counsel at the Department of Inland Revenue Malaysia (now known as the Inland Revenue Board of Malaysia), Deputy Public Prosecutor of the Attorney General's Chambers in Penang and Perlis as well as Sessions Court Judge in Kota Kinabalu, Kuala Lumpur and Melaka.

Encik Abdul Karim was Head of the Appeals Unit at the Prosecution Division of the Attorney General's Chambers at the end of 2000. In 2001, he was appointed Director of the Enforcement Division, Securities Commission and subsequently as Director of the Enforcement and Legal Division at the Anti-Corruption Agency between 1 May 2004 and 31 October 2005. He was appointed Chief Executive Officer of the Companies Commission of Malaysia on 1 November 2005. Encik Abdul Karim is also a board member of the Labuan Offshore Financial Services Authority (LOFSA) as well as a member of the Foreign Investment Committee (FIC) and the Financial Reporting Foundation.



Dato' Idrus Harun

Dato' Idrus Harun

Since starting his career as a Legal Officer in 1980, Dato' Idrus has served in various senior positions which include Senior Assistant Registrar of the Kuala Lumpur High Court, Sessions Court Judge in Kota Kinabalu, Deputy Public Prosecutor of the Attorney General's Chamber, Legal Advisor for the State of Terengganu, Senior Federal Counsel of the Anti-Corruption Agency and Legal Adviser for the Election Commission. He was the Registrar of Companies from 1998 to 2002. Thereafter, he resumed his service at the Attorney General's Chambers as Head of the Advisory and International Division and as Parliamentary Draftsman before his current position as Solicitor General. Dato' Idrus also served as a member of the Labuan Offshore Financial Services Authority (LOFSA), Securities Commission and Foreign Investment Committee (FIC), amongst others. At present, he is a member of the Malaysia-Thailand Joint Authority (MTJA) and the Retirement Fund (Incorporated).



**Puan Zaiton
Mohd Hassan**

Puan Zaiton Mohd Hassan

Puan Zaiton served as an auditor with Pricewaterhouse (PricewaterhouseCoopers) and thereafter joined Bank Pembangunan (M) Berhad. She then served Maybank for 12 years before becoming President of Malaysian Rating Corporation Berhad (MARC) from 1996 to 2004. Puan Zaiton is currently the Managing Director of Capital Intelligence Advisors Sdn Bhd. She is a board member of Credit Guarantee Corporation Malaysia Berhad, BIMB Holdings Bhd, Bank Islam Malaysia Berhad and Malaysian Industrial Development Finance Berhad (MIDF).



**Tuan Haji Abdillah
Haji Abdul Hamid**

**Tuan Haji Abdillah
Haji Abdul Hamid**

Tuan Haji Abdillah was an officer of the Royal Malaysian Police (PDRM) and held the position of Police Inspector from 1975 to 1979. He has also worked as a Legal Executive with legal firms in Kota Kinabalu and Tawau in Sabah. In 1984, Tuan Haji Abdillah was appointed as the Deputy Minister of Rural and Regional Development. He has extensive experience in the field of international relations and has undertaken research and analysis, on the sponsorship of the Asia Foundation, in comparing legislative councils in the United States and ASEAN countries.



Y.B. Razali Ibrahim

Y.B. Razali Ibrahim

Y.B. Razali Ibrahim was appointed a Commission Member effective 1 April 2006. Previously, he served as a Legal Assistant at Messrs Lee Hishamuddin (Advocates & Solicitors) and was also a Director of several companies, including SP Setia Bhd, until his resignation in 1999. Thereafter, he was appointed as Private Secretary to the Minister of Youth and Sports Malaysia, a position he held until March 2004. He is currently a Member of Parliament for Muar, Johor and the Head of Umno Youth Johor. He is also a partner of the legal firm Messrs Gideon Tan Razali Zaini.



Puan Siti Halimah Ismail

Puan Siti Halimah Ismail

Puan Siti Halimah was appointed a Commission Member effective 1 June 2006. She started her career in public service at the Economic Planning Unit of the Prime Minister's Department in 1981. She has been serving at the Tax Analysis Division of the Treasury, Ministry of Finance since 1991. She is currently the Senior Deputy Under Secretary of the Tax Analysis Division as well as a board member of the National Professional Services Export Council (NAPSEC) of the Malaysia External Trade Development Corporation (MATRADE).



Encik Idris Abdullah

Encik Idris Abdullah

Encik Idris Abdullah was appointed a Commission Member effective 16 April 2007. He holds a First Class LLB (Hons) degree from the University of Malaya, and began his career in 1981 as a resident lawyer at Ting and Company Advocates in Sibu, Sarawak. Between 1982 and 1985, he served as an in-house Legal Advisor to a group of companies with diverse interests in property development based in Sarawak, timber extraction and processing, leisure and hospitality business, and wholesale and general retail trading. Encik Idris Abdullah was a Director of several Bumiputera companies based in Sibu, Sarawak with interests in motor vehicle import and sales, supply of wet and dry rations to Government residential schools and general trading. He was also a Director and the Chairman of Kuantan Flourmills Bhd, a company listed on the Second Board of Bursa Malaysia, from October 2002 until September 2005.

Currently, Encik Idris Abdullah is a Senior Partner of Idris and Company Advocates. He is also an advisor to several companies based in Sarawak, which are engaged in building and construction and motor trading, as well as recreational clubs, and educational institution sectors.

SSM Executive Management



SSM Executive Management - CEO and Deputy CEOs



From left to right

**Zahrah
Abd Wahab Fenner**
Deputy Chief
Executive Officer
(Services)

**Abdul Karim
Abdul Jalil**
Chief Executive
Officer

Khoo Beng Chit
Deputy Chief
Executive Officer
(Operations)

SSM Executive Management - Head of Divisions



Noorbahri Baharuddin
Senior Director
(Enforcement)



Hajah Rokiah Mohd Noor
Director
(Registration Services Division)



Mohamed Zanyuin Ismail
Director
(Business Development and
Marketing Division)



**Muhammad Redzuan
Abdullah**
Director
(Legal Services Division)



Amir Ahmad
Director
(Corporate Resources
Division)



Nor Azimah Abdul Aziz
Director
(Training Academy)



Ghazali Ismail
Director
(Compliance Division)



Khuzairi Yahaya
Director
(Internal Audit)



Aznorashiq Mohamed Zin
Director
(Investigation Division)



Azryain Borhan
Director
(Corporate Development
and Policy Division)



**Currently
Vacant**

Director
(Information and
Communication Technology
Division)

Malaysian Economy 2007



Malaysian Economy 2007

“ MALAYSIA’S ECONOMY GREW AT THE FASTEST PACE IN THREE YEARS AS RISING DOMESTIC DEMAND AND INVESTMENT COUNTERED DECLINING MANUFACTURED EXPORTS ”

Malaysia’s economy grew at the fastest pace in three years as rising domestic demand and investment countered declining manufactured exports. As ASEAN’s third-largest economy, Malaysia’s economy expanded 7.3 per cent in the fourth quarter in 2007 with the overall GDP to exceed 6.3 per cent in the year. That topped all estimates in a Bloomberg News survey of 15 economists, where the median prediction was 5.9 per cent.

In 2007, investments continued to pour in despite the perils of world economic vagaries and the threat of rising fuel prices breaching USD100 per barrel. The US sub-prime mortgage crisis led to plunging property prices in the US, a slowdown in the US economy, and billions in losses by banks both in the US and Europe. Malaysia has been fortunate not to have been adversely affected by these developments.

On the back of a public sector pay increase effective July 2007 and the year-end festivities, domestic demand was sustained in the second half. Private consumption had grown strongly despite the rise in the cost of living, benefiting from the higher income and firm commodity prices.

Malaysia’s growth momentum had picked up in the fourth quarter of 2007 to 7.3 per cent, from 6.3 per cent in the third quarter. The pick-up in public investment suggests that the impact of the Ninth Malaysia Plan (RMK9) was gaining momentum in the second half of the year.

On the supply side, the manufacturing sector was adversely affected by the slump in the electronics market and the external demand in general. However, the slower growth in manufacturing was largely offset by the surprisingly strong expansion in the services sector. Robust domestic demand, resilient household spending and tourist money have buoyed the growth in services. Improved business and financial activities have also led to an expansion in services.

The value-added activity of the mining sector surged 39.2 per cent in nominal price for the fourth quarter of 2007 due to increased production capacity. The construction sector growth was buoyed favourably by the implementation of projects under RMK9, which gathered momentum since the beginning of the year. The construction sector growth was

maintained at 4.7 per cent in the fourth quarter, picking up from 4.0 per cent in the first half of 2007. The finance, insurance and business services sub-sector expanded by an admirable 9.8 per cent in the fourth quarter, buoyed by strong demand for loans and insurance. The wholesale, retail trade and restaurant sub sector posted a strong 12.5 per cent gain in fourth quarter, from 11.9 per cent in the third quarter, underpinned by robust consumer and tourism spending.

The utilities sub-sectors reported a moderate growth of 4.4 per cent in the fourth quarter, on account of cooler activity in manufacturing. Bad weather had affected the growth of agriculture in the first half of 2007 (0.7 per cent) after a solid 5.2 per cent expansion in 2006 and bounce back to 6.9 per cent in the fourth quarter.

Inflation retreated quite dramatically during the year, falling to a low of 1.4 per cent in June 2007 from a high 3.2 per cent in January 2007, explained in part by the fading impact of the oil price hike in 2006. The stronger Ringgit may have partly contributed to the lower inflation rate as well. However, pursuant to the strong response to higher food prices following the revised salary for civil servants in July 2007, the inflation rate has edged up to 1.9 per cent in August 2007 before ending at 2.2 per cent in the fourth quarter 2007.

Driven by strong domestic demand, Malaysia's GDP growth inched up to 7.3 per cent in the fourth quarter of 2007, bringing the average to 6.3 per cent in the year under review. The engine of growth for 2007 has been private consumption and Government spending, while

export expansion sedated. Domestic demand has been the main engine of growth given the uncertainty in external demand. Private consumption and Government spending are the key growth driver in 2007, while the private sector is growing modestly. Despite the higher cost of living, private consumption grew at a fair pace. There were many factors encouraging consumption, such as the rise in income, a stable job market, the stock market recovery and firm commodity prices. High commodities prices have helped raised income and sustained household consumption in the rural areas.

Private investment, which has an 11.6 per cent share of GDP, has continued expanding moderately, given the resilient business confidence amidst sustained FDI inflows and the positive knock-on effects from outlays for RMK9 and the regional growth corridors. The steady Business Condition Index (BCI) numbers suggest that business optimism has been holding up well despite difficult external conditions. Total trade, meanwhile, has surpassed the RM1 trillion marks for two consecutive years growing by 3.7 per cent to record RM1.11 trillion during 2007.

SSM had during the year under review, been responsive to the economic trends and movements. It capitalised on the momentum created by sustainable economic growth seen in the creation of the development corridors such as the Iskandar Development Region, Northern Corridor Economic Region and Eastern Corridor Economic Region, the influx of tourists and better purchasing power that led to a significant increase in the incorporation of new companies and registration of new businesses nationwide.

Enhancing
Service
Delivery



Enhancing Service Delivery

“ THE NEW CLIENT CHARTER IS CONSISTENT WITH THE GOVERNMENT’S AIM OF IMPROVING THE OVERALL PUBLIC SERVICE DELIVERY NATIONWIDE. IT RECEIVED COMMENDATIONS FROM SPECIAL TASK FORCE TO FACILITATE BUSINESS (*PEMUDAH*), SSM’S STAKEHOLDERS AS WELL AS THE GOVERNMENT ”

SSM has played its role with fervour and deep commitment towards enhancing its public service delivery. Through innovation, creativity and the willingness to embrace continuous improvements, SSM was able to chalk up many improvements in the area.

SSM’s New Client Charter

Pursuant to the extensive re-engineering processes involving the review of its internal processes and procedures, SSM had introduced a new Client Charter, which took effect from 6 March 2007. Some of the notable improvements include the shortening of time taken for various transactions such as name searches, incorporation of companies, registration of businesses and others. As the pace for the conduct of business transactions in the modern world becomes faster, the ability to carry out speedy transactions with Government authorities is equally essential. The introduction of the new Client Charter would enable the business community to expedite their business undertakings.

The new Client Charter is consistent with the government’s aim of improving the overall public service delivery nationwide. It received commendations from the Special Task Force to Facilitate Business (*PEMUDAH*), SSM’s stakeholders as well as the Government.

SSM's New Client Charter

Activity	New Client Charter	Pre-New Client Charter
Business		
Approval of business name	1 hour	3 days
New business registration	1 hour	3 days
Renewal of business registration	15 mins	1 hour
Registration for termination of business	15 mins	1 day
Registration of changes in registered particulars of business	1 hour	1 day
Companies		
Approval of company name	1 day	5 days
Incorporation of new company	1 day	5 days
Conversion of status	1 day	5 days
Change of company name	1 day	5 days
Commencement of business for public companies	1 day	5 days
Registration of charge	2 days	5 days
Approval of a trust deed	5 days	14 days
Registration of prospectus	3 days	14 days
Supply company/ business information via computer printout	30 mins	1 hour
Uncertified copy of company documents	30 mins	1 hour
Certified copy of company documents	1 hour	3 hours

Business Registration Mobile Counters

Mobile registration counters provide the ease and convenience to traders who are unable to find the time to go to the designated SSM offices nationwide in order to deal with SSM. The mobile services are introduced to extend SSM's conventional counter services to the 'in-situ' registration. The idea here is to bring our services to be within the reach of our customers. Initiated by both SSM headquarters and state offices, the mobile counters were strategically located at high traffic venues, that had significant commercial activities as well as at remote locations to facilitate new business registrations and renewals.

The mobile registration counter service, first introduced in September 2005, was further enhanced in FY2007 through increased frequency and strategic alliance that were formed. A total of 813 mobile counters were set up nationwide, and authorities such as the Majlis Perbandaran Kajang, Majlis Perbandaran Sepang and other local Government agencies nationwide were engaged to encourage more business registrations and renewals.

Business Registration Mobile Counters Activities

State	Number of Mobile Counters	New Registrations	Renewals
Labuan	9	2	0
Perlis	43	237	83
Terengganu	84	826	857
Malacca	54	415	573
Pahang	88	1,420	2,091
Negeri Sembilan	46	620	598
Kedah	183	2,167	1,743
Kelantan	48	1,202	294
Perak	47	827	1,007
Penang	43	940	1,980
Selangor	47	846	420
Johor	92	1,805	3,167
Kuala Lumpur	29	1,252	397
Total	813	12,559	13,210

As at 31 December 2007, the implementation of mobile counters nationwide had recorded 12,559 new business registrations and 13,210 renewal of business registrations. The states of Kedah, Johor and Kuala Lumpur had led in terms of new registrations and renewals from the mobile counter activities. Kedah recorded the highest total number of mobile counters established.

Circuit Counter

To complement the operations of the mobile registration counters, SSM also set up circuit counters at the premises of Dewan Bandaraya Kuala Lumpur (DBKL) on the Fourth Floor, Wisma PKNS, Jalan Raja Laut, Kuala Lumpur to further facilitate business registrations and renewals by traders licensed by DBKL. Since its implementation on 22 May 2007, a total of 448 new registrations and 2,501 applications for renewal were received and processed. The counters operate daily from 9.00 am to 4.30 pm.

Enhancement of the Public Viewing Gallery

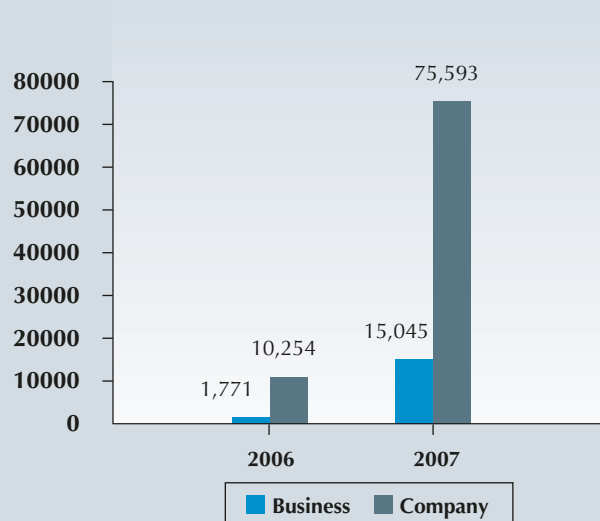
SSM had invested RM3.67 million to enhance the facilities at its public viewing galleries nationwide. The facility, available at a nominal fee, can be found at SSM's headquarters and selected state offices and branches. It provides customers, the public and stakeholders, with the opportunity of viewing and buying corporate information or images of documents lodged with SSM. The facilities have been enhanced with new computer screens, keyboards and CPUs in revamped environments that are now more conducive and comfortable.

SSM e-Info

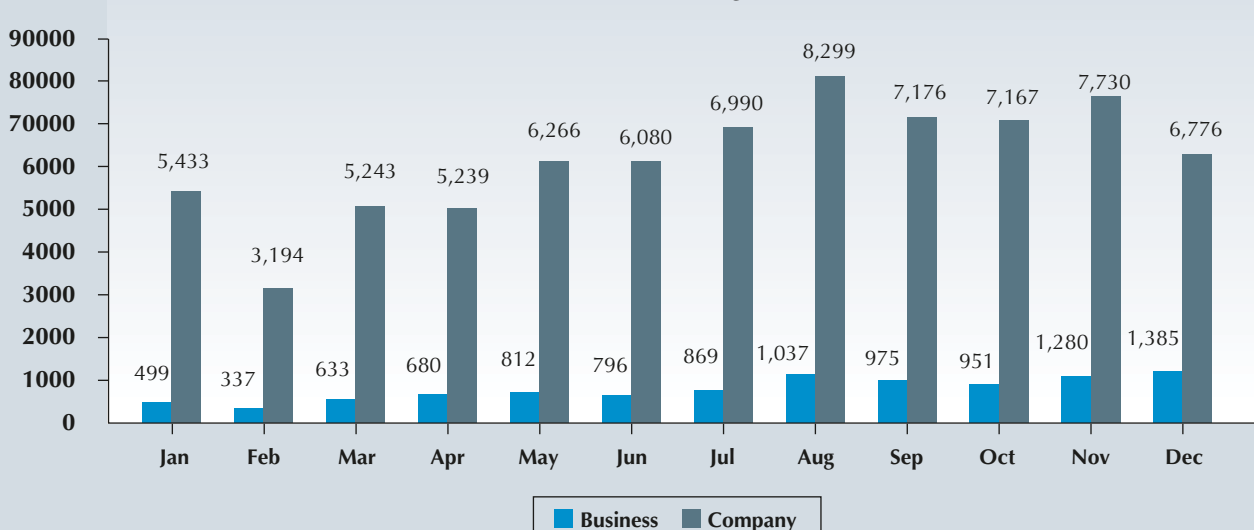
The e-Info service was first introduced in July 2006, and in 2007 saw the introduction of SSM e-Info CID (Corporate Information Data). The e-Info service enables stakeholders and members of the public to access and procure corporate information online 24/7. It is an important business tool which enables due diligence to be conducted on companies and businesses. It is a potent tool as the information provided via e-Info can be used for decision-making and investment purposes – a quick source of reference to verify the selected corporate information.

Payment for e-Info service can be made via prepaid account, credit card and debit card. Since its introduction, the e-Info service has lived up to its tagline, 'Information at a Click' as the information is accessed easily through the internet.

e-Info Transactions for FY2006 and FY2007



e-Info Transactions According to Month for FY2007



The use of SSM e-Info increased significantly in 2007. A total of 90,638 transactions were executed using the service compared to 12,025 in 2006 for both businesses and companies. This represents a 653.7 per cent increase in the number of transactions. The highest number of transactions occurred in August 2007 with a total of 9,336 transactions.

During the year under review, the SSM e-Info service was introduced.

Corporate Information Data e-Info

Corporate Information Data e-Info, dubbed **SSM e-Info CID**, is offered to institutional corporate purchasers with the intention of facilitating their high-volume daily transactions for SSM's existing e-Info products, i.e. company and business profiles. It consists of corporate profiles in a portable document format (PDF) and a 'text file' format for each purchased profile. All requested company and business information made by customer are executed automatically by the system. SSM e-Info CID reduce waiting time and increase efficiency for businesses.

It is encouraging indeed to note that there were visitors from many countries across the globe to SSM's e-Info website during the year. The e-Info service is expected to transcend national boundaries with rising global demand in the coming years when more are aware of such services and in tandem with the globalised business environment.

During the year, there was a total of 1,852 visitors to SSM's e-Info website from the following countries:

No.	Country	Number of Visitors
1	Singapore	987
2	India	212
3	United States	183
4	Hong Kong	121
5	United Kingdom	101
6	Philippines	87
7	Japan	57
8	Australia	57
9	China	30
10	Romania	17
Total		1,852

SSM is proposing for the introduction of new products of company information via e-Info in 2008 such as:

(i) **SSM e-Info Charges**

SSM e-Info Charges contains the company name, company number, charge number, name and

address of chargee, type of instrument, property affected, date of charge, date of certificate (Form 40), date of release (if any), charge type, charge status, charge amount and amount secured by the registered charges.

(ii) SSM e-Info Financial Statement

The purpose of this product is to supply the public with a summary key information of company financial report comprising two-year financial periods.

(iii) SSM e-Info Image

With this new service, the public are able to purchase images of company documents via the internet. This service will be an alternative to the purchasing of the documents through conventional counters service at SSM.

(iv) SSM e-Info Mobile Service

SSM e-Info Mobile Service is a new service to be offered by SSM that allows the public to obtain corporate information via the mobile phone. With this new service, customers are able to check company/business names and registration numbers via SMS. Additional services such as compound check and name search status, will be introduced in the near future. Going forward, e-Info product available via the internet will soon be accessible via the mobile phone.

Ultimately, e-Info aims to provide all the products and services currently available from over-the-counters at SSM.

e-Lodgement

The e-Lodgement service enables the filing of statutory documents and lodgement of other documents to be done online. SSM's e-Lodgement involves a two-way interaction

– it enables stakeholders to lodge documents online as well as allows the Registrar to send documents online. The introduction of e-Lodgement saw amendments made to the legal framework, namely the Companies Act 1965 (CA 1965) and Registration of Businesses Rules 1957. In addition, the e-Lodgement initiative had also resulted in the revision of internal work processes, procurement of hardware, development of software and retraining of relevant staff.

The e-Lodgement service comprises two types: Business e-Lodgement and Company e-Lodgement. The Business e-Lodgement was rolled out on 21 May 2007 to enable business registrations, renewals of registrations and updating of information. During this simulation stage, no subscription fees were charged. The payment of subscription fees commenced in November 2007.

The Company e-Lodgement was introduced in two stages. Stage one was rolled out in November 2007 and enabled transactions such as name search, incorporation of company and application for company secretary licence to be carried out. Stage two was rolled out in December 2007 and included services such as the lodgement of annual returns, notice of change of registered office, return of changes in particulars of directors, managers and company secretaries, and the return of allotment of shares. At its infancy, there were 51 transactions available. In FY2008, SSM will deploy the full spectrum of services. The introduction of e-Lodgement in 2007 was the first step towards enabling all transactions with SSM to be conducted online. SSM aspires to achieve its Mission 80:20 by FY2009 that is achieving 80 per cent transactions to be conducted online while the remaining 20 per cent to be conducted over the counter.

Payment for the e-Lodgement service can be undertaken via SSM prepaid account, credit card or direct debit using Financial Process Exchange (FPX).

To facilitate the success of the e-Lodgement services, the computers used must meet the following requirements:

e-Lodgement System Requirements

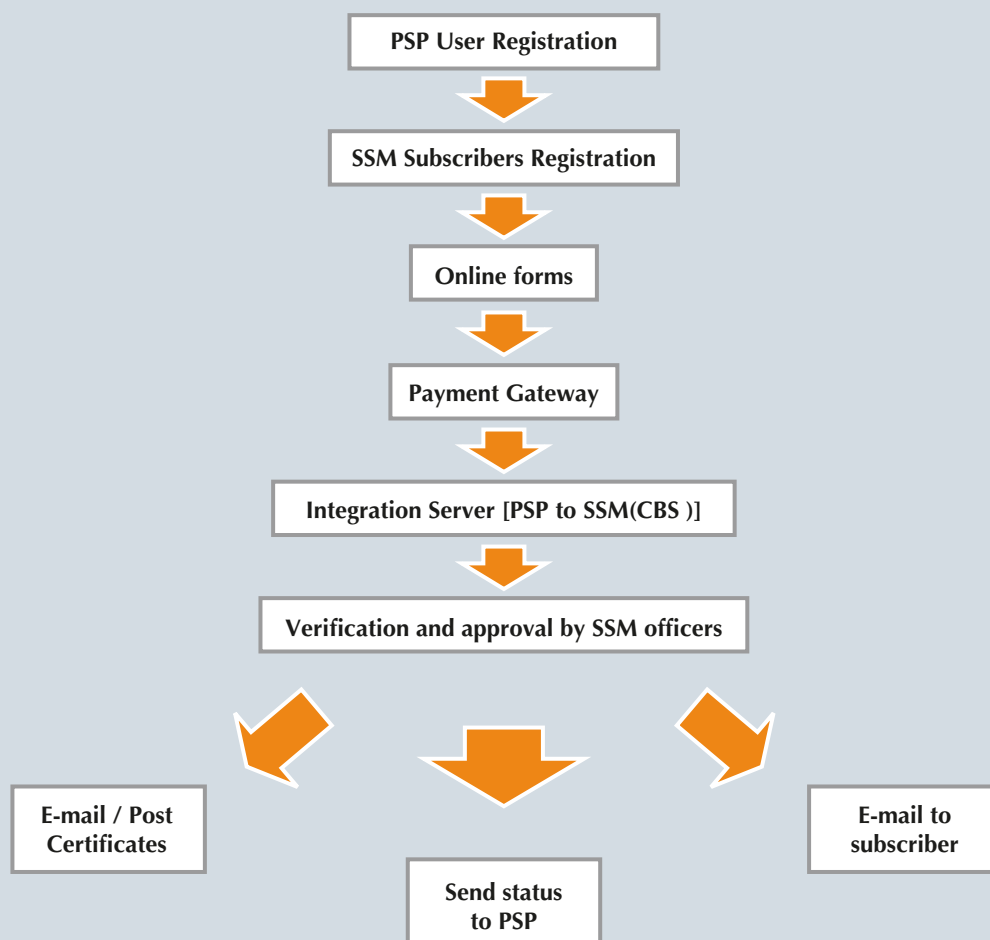
Computer	Pentium III processor and above 256 MB of memory and above 50 MB of hard disk space and above
Internet line	Broadband / Streamyx
Software	Adobe Reader 4.0 and above Microsoft Internet Explorer 5.5 and above
Others	Printer, scanner and fax

The general terms and conditions for e-Lodgement are as follows:

- The user needs to register as a MYGovernment Portal (PSP) user;
- The user must register as an SSM subscriber;
- Payment of subscription fee;
- A valid e-mail address;
- Comply with the system requirements; and
- Able to use either of the following payment methods: SSM prepaid account, credit card and direct debit via FPX.

The benefits of e-Lodgement include 24/7 availability, improved data accuracy, public convenience and comprehensive tracking functions. From May until December 2007, SSM had received a total of 36,989 transactions for Business e-Lodgement. Of the 36,989 transactions, 9,613 were for new business registration. The take up ratio for e-Lodgement as at 31 December 2007 was 2.99 per cent of the total percentage of the entire transactions undertaken with SSM, underscoring that e-Lodgement services have been well received by the public.

The process for e-Lodgement undergoes several stages. It begins from the point of contact where the user must gain access into the government's portal and register prior to utilising the SSM e-Lodgement service. The stages involved are depicted in the chart on the next page:



Since its introduction in May 2007, the e-Lodgement service has received encouraging response from users. The details of the various transactions undertaken by the users of e-Lodgement are as follows:

Details of Business e-Lodgement Transactions

Types of services	Month (Quantity)								
	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Name Search (PNA42)	352	1,934	3,471	3,507	3,442	3,221	3,182	3,190	22,299
New Registration (Form A)	69	834	1,364	1,529	1,476	1,265	1,551	1,525	9,613
Business Updates (Form B)	54	282	551	644	638	570	652	755	4,146
Business Renewal (Form A1)	44	48	95	77	93	76	79	87	599
Termination	7	27	32	49	47	32	53	85	332
Total	526	3,125	5,513	5,806	5,696	5,164	5,517	5,642	36,989

Revenue Generated from Business e-Lodgements

Types of services	Month (RM)								
	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
Name Search (PNA 42)	Free of charge								
Registration of new businesses Form A)	4,035	48,675	80,390	89,945	87,630	74,410	89,075	87,055	561,215
Business Updates (Form B)	1,125	5,981	11,525	13,395	13,225	11,885	13,535	15,785	86,456
Renewal of Business Registrations (Form A1)	2,610	3,423	6,655	5,905	7,005	5,265	5,015	6,335	42,213
Termination	Free of charge								
Total	7,770	58,079	98,570	109,265	107,860	91,560	107,625	109,175	689,884

From 21 November 2007 until December 2007, SSM had received a total of 35 transactions for Companies e-Lodgement. A total of 28 transactions were for request for availability of name (Form 13A), two transactions for incorporation of companies, one transaction for change of company name, two transactions for first submission of Form 24 (Return of Allotment of Shares), Form 44 (Notice of Registered Office) and Form 49 (Return of Changes in Particulars of Directors, Managers and Secretaries) within one month after the incorporation of companies and two transactions for the lodgement of Form 49.

Details of Company e-Lodgement Transactions

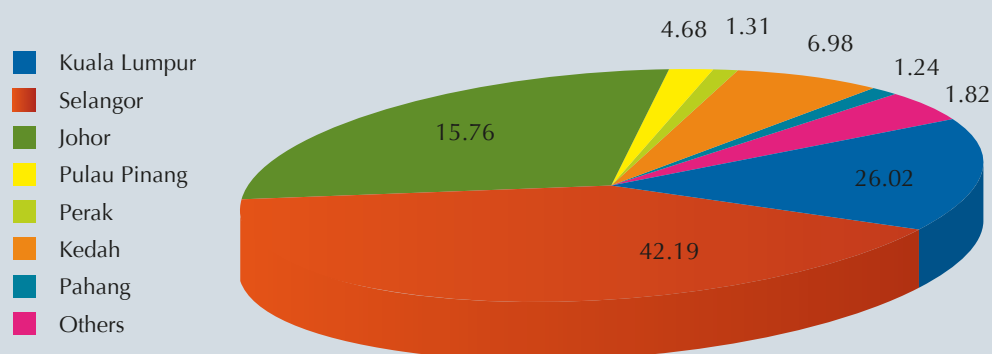
Types of services	Month (Quantity)														
	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total						
Name Search – Form 13A															
Incorporation	Not yet introduced						9	19	28						
First Submission							2	2							
Annual Return EPC							2	2							
Annual Return with Accounts															
Notice of Registered Office – Form 44															
Notice of Registered Member – Form 53															
Return of Allotment of Shares – Form 24															
Change of Name – Form 11							1	1							
Particulars of Directors and Managers – Form 49							2	2							
Application for Licensed Secretary – Form 48B															
Renewal of Licensed Secretary – Form 48C															
Total													9	26	35

Revenue Generated from Company e-Lodgements

Types of services	Month (Quantity)														
	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total						
Name Search – Form 13A															
Incorporation	Not yet introduced							270	600	870					
First Submission													2,000	2,000	
Annual Return EPC														2	2
Annual Return with Accounts															
Notice of Registered Office – Form 44															
Notice of Registered Member – Form 53															
Return of Allotment of Shares – Form 24															
Change of Name – Form 11														100	100
Particulars of Directors and Managers – Form 49														2	2
Application for Licensed Secretary – Form 48B															
Renewal of Licensed Secretary – Form 48C															
Total													270	2,700	2,970

The most number of users for the e-Lodgement service in FY2007 came from Selangor as depicted in the following chart:

Application via e-Lodgement by States



In order to further facilitate the public, SSM has simplified the business registration forms and implemented the new forms on 16 May 2007. The public no longer needs to obtain verification and signatures from the verifying officers e.g. Commissioner for Oaths.

SSM aspires to achieve a take-up rate of 80 per cent for online applications by the year 2009. To ensure an efficient internal operation and an effective delivery system, concrete measures have been taken by setting a special unit for e-Lodgement within SSM. In addition, SSM has also established a helpdesk service to further assist the users of e-Lodgement, the details of which are as follows:

Monday-Friday from 8.15 am to 8.15 pm	
Saturday-Sunday from 8.15 am to 5.15 pm	
SSM Customer Service Hotline	- 03 40476111 / 40476222
Facsimile	- 03 40476337
E-mail	- enquiry@ssm.com.my

Extending the Operation Hours of the Payment Counters and Special Service Counters

SSM had during 2007 extended its operational hours of its payment counters nationwide during the peak periods, which commenced from 20 January until 15 February 2007 and from 16 July until 7 August 2007; to operate from 8.15 am to 6.30 pm (Monday-Friday) and 8.30 am to 5.00 pm (Saturday). The peak period witnessed a significant quantity of annual returns and financial statements being filed. During the peak periods, SSM served an average of 852 persons per day as opposed to an average of 802 persons on a normal day. The objective of the extended hours was to enable statutory documents to be lodged within the prescribed time frames under the CA 1965.

Two sets of unique dates came to have during FY2007. They were 07-07-07 and 20-07-2007. These auspicious-looking dates were offered to the public for the incorporation of companies and for the registration of businesses. The certificates issued by SSM would depict these special dates. The take-up of these auspicious dates saw 228 companies incorporated and 266 businesses registered on Saturday 7 July 2007 while a total of 295 companies were incorporated and 749 businesses were registered on Friday 20 July 2007.

SSM had also opened its counters nationwide on Merdeka Day (31 August 2007) to enable interested parties to incorporate their companies and register their businesses on this national date. SSM adopted a dual-strategy approach in notifying the public that consisted of external and internal initiatives. The external initiative involved publishing advertisements in the nation's leading newspapers (Berita Harian, Utusan Malaysia, the New Straits Times, the Star and Sin Chew Jit Poh) whereas the internal initiative involved SSM's own efforts such as circulating notices, putting up posters and posting a website announcement. On Merdeka Day, SSM's counters were opened for service from 8.15 am to 4.15 pm.

Business Registration and Company Incorporation on Merdeka Day

State	Businesses	Companies
Kuala Lumpur	123	238
Selangor	56	43
Penang	25	46
Labuan	-	2
Perlis	8	2
Terengganu	9	5
Malacca	27	21
Pahang	20	11
Negeri Sembilan	3	9
Kedah	12	25
Kelantan	7	12
Perak	8	5
Johor	5	18
Sabah	-	24
Sarawak	-	27
Total	303	488

A total of 791 new registrations consisting of 303 business registrations and 488 company incorporations were recorded on Merdeka Day. SSM headquarters led with 361 registrations (123 businesses, 238 companies) followed by SSM Selangor with 99 registrations (56 businesses, 43 companies) and SSM Penang with 71 registrations (25 businesses, 46 companies).

Decentralisation of Name Search

The decentralisation of name search has greatly reduced the time taken for the approval of company names for purposes of incorporation. With this initiative, state officers are given the authority to process applications for name search and this has enabled an application to be processed in a day instead of five days previously.

Liberalisation of Company Name

This initiative provides SSM with more flexibility in approving company names for purposes of incorporation. With this initiative, fewer names are being rejected on account of similarity and this has substantially increased the number of names being approved and therefore, it is yet another major step towards enhancing SSM's service delivery.

Implementing A Dynamic Legal Framework





“ IN 2007, VARIOUS AMENDMENTS WERE MADE TO THE EXISTING LEGAL FRAMEWORK IN THE LIGHT OF NEW DEVELOPMENTS AND EMERGING TRENDS THAT EVOLVED FROM BOTH THE NATIONAL AND INTERNATIONAL ARENAS. THE AMENDMENTS WERE CARRIED OUT WITH THE AIM OF ENHANCING THE NATIONAL CORPORATE GOVERNANCE FRAMEWORK SO AS TO BE IN TANDEM WITH DYNAMIC DEVELOPMENTS IN INDUSTRY, AND TO CREATE A CONDUCIVE, MODERN AND RELEVANT LEGAL FRAMEWORK ”

Implementing A Dynamic Legal Framework

In 2007, a paradigm shift transpired at SSM. Various amendments were made to the existing legal framework with the aim of enhancing the Malaysian national corporate governance framework so as to be in tandem with dynamic developments in industry, and to create a conducive, modern and relevant legal framework.

Amendments to the Companies Act 1965 (CA 1965)

Prior to the amendments being effected, SSM had consulted various bodies on the process such as Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA), Federation of Public Listed Companies (FPLC),

Malaysian Association of Company Secretaries (MACS), the Association of Banks Malaysia (ABM), the Association of Merchant Banks in Malaysia (AMBM), Bursa Malaysia, Securities Commission, the Bar Council, Malaysian Institute of Corporate Governance (MICG), National Chamber of Commerce and Industry of Malaysia and Federation of Malaysian Manufacturers (FMM). During the year under review, the Companies (Amendment) Act 2007 (Act 1299) received Royal Assent on 27 July 2007 and was gazetted on 31 July 2007. A total of 24 provisions were amended and/or introduced. The amendments were tabled at the House of Representative (Dewan Rakyat) on 8 May 2007 and the House of Senate (Dewan Negara) on 23 May 2007. The Minister prescribed 15 August 2007 as the date of coming into force of the amendments. The introduction of

these amendments was timely and consistent with the government's effort to enhance corporate governance, and at the same time, spurred the spirit of entrepreneurship and responsible risk-taking amongst the business community. It also endeavoured to make Malaysia a preferred destination for conducting business.

The amendments can be divided into four key areas:

(i) Electronic Filing of Documents

The key features introduced include the Registrar's ability to issue documents electronically, the phasing out of the requirement for statutory declaration and attestation for electronic lodgements and the accordance of a grace period of 14 days to enable replacement documents to be filed in respect of the documents lodged which do not comply with the provisions for electronic filing.

(ii) Enhancement of the Corporate Governance Framework

Corporate governance is the central theme of the amendment, which includes matters pertaining to duties and responsibilities of directors and obligation for disclosure of transactions involving directors. Under the new legal framework, the functions and powers of the board of directors have been given statutory recognition. In addition, the amendments have also accorded certainty on matters such as the standard of care, skill and diligence required of directors, the exercise of making business judgements, reliance by directors on information, responsibility of nominee directors, delegation of directors' powers and responsibilities

and prohibitions against improper use of company's property, position and corporate opportunity. In certain provisions, the definition of the term 'director' has been expanded to include officers such as the Chief Executive Officer, Chief Operating Officer and Chief Financial Controller as well as those who are primarily responsible for the operations or financial management of a company. It is aimed at increasing the level of responsibility of the senior management of the company. In addition, the amendments also include a mandatory *whistle-blowing* provision for auditors of public companies with regard to serious offences involving fraud or dishonesty committed by officers of the company, and a non-mandatory *whistle-blowing* provision for officers of the company. Such provisions are aimed at encouraging auditors and officers of companies to come forward and provide SSM with the necessary information to enable due actions to be taken. In exchange for the information rendered, the auditors will be accorded immunity from civil liability, criminal prosecution or disciplinary proceedings. For officers of companies, they shall not be removed or demoted, subjected to civil proceedings or disciplinary action for the disclosures made to the Registrar.

(iii) Embracing Pragmatism

The amendments include provisions for injunctions in respect of any contravention of the provisions of the CA 1965. Apart from injunctions restraining the engaging or potential engaging of a conduct contravening the CA 1965, it also provides for injunctions compelling the performance of an act required under the CA 1965. The amendments also encourage

shareholder activism by introducing the provisions for statutory derivative actions. Additionally, the amendments also liberalise the provision with regard to the venue for holding of meetings of the members. In addition, such amendment also allow for the holding of such meeting via electronic means.

(iv) 'Housekeeping' Amendments

Housekeeping amendments were carried out to delete obsolete provisions, avoid statutory duplicity and further clarify selected clauses in the laws.

Gazetting of the Companies (Electronic Filing) Order 2007

To facilitate the e-Lodgement services provided by SSM, the Companies (Electronic Filing) Order 2007 was gazetted on 15 November 2007, prescribing the documents that may be electronically filed or lodged.

Amendments to the Registration of Businesses Rules 1957

During the year under review, amendments to the Registration of Businesses Rules 1957 were made to cater for the e-Lodgement service. The amendments in respect of the prescribed forms under the Registration of Businesses Rules 1957 are contained in the **Registration of Businesses (Amendment) Rules 2007** which was gazetted on 16 April 2007. To further prescribe the documents that may be electronically filed or lodged, the **Registration of Businesses (Electronic Filing Forms) Order 2007** was gazetted on 16 April 2007. The **Registration of Businesses (Amendment) (No: 2) Rules 2007** provides for the annual subscription for the electronic services and the prescribed fee for any other applications, which are not provided for under the current framework.

Corporate Law Reform Project (CLRP)

The CLRP, which was established on 17 December 2003, is a strategic initiative by SSM towards providing a conducive regulatory framework for companies and businesses to operate. The need to review the CA 1965 is not only to enable it to be compatible with the recent developments in the business front but most importantly to ensure that the legal framework is compatible with the future needs of the business environment.

The Corporate Law Reform Committee (CLRC) presented its Interim Final Report to the Commission Members of SSM in July 2007. The role of the CLRC is to undertake a fundamental review of the current legislative policies on the CA 1965 in order to propose amendments that are necessary for corporate and business activities to function in a cost-effective, consistent, transparent and competitive business environment in line with international standards of good corporate governance. The CLRC gathers representatives from the Government sector, professional bodies, and members of the business community as well as legal practitioners and is composed of the following members:

- **Dato' K C Vohrah (Chairman)**
Consultant
- **Datuk Dr Abdul Samad Hj Alias**
Chartered Accountant
- **Dato' Loh Siew Cheang**
Advocate & Solicitor
- **Datuk Simon Shim Kong Yip** (effective 1 October 2005)
Advocate & Solicitor
- **Abdul Karim Abdul Jalil** (effective 1 November 2005)
Chief Executive Officer, SSM
- **Dato' Dr Nik Ramlah Nik Mahmood**
Representative of the Securities Commission
- **Selvarany Rasiah**
Representative of Bursa Malaysia Securities Berhad
- **Charon Wardini Mokhzani**
Deputy Chief Executive, CIMB Investment Bank Berhad
- **Philip Koh Tong Ngee**
Advocate & Solicitor
- **Peter Lee Siew Choong**
Advocate & Solicitor
- **Cheong Kee Foong**
Advocate & Solicitor
- **Lim Tian Huat**
Chartered Accountant
- **Eric Kang Shew Meng**
Company Secretary Practitioner
- **Professor Dr Khaw Lake Tee**
University of Malaya
- **Professor Dr Aishah Bidin**
Universiti Kebangsaan Malaysia
- **See Mee Chun** (effective 17 October 2005)
Representative of the Attorney General's Chambers
- **Representative of the Department of Insolvency Malaysia**
- **Ahmad Azhari Abd Hamid** (effective 15 August 2006)
Representative of the Prime Minister's Department

The Interim Final Report contained the final recommendations of the CLRC pertaining to the following Consultation Documents:

- **Capital Maintenance Rules and Share Capital: Simplifying and Streamlining Provisions Applicable to Shares;**
 The CLRC recommended the abandonment of two key concepts that currently mould the rules regulating share capital by companies. The concepts that shares issued must be issued with par or nominal value and companies must be registered with an authorised share capital clause. This will simplify company operations, and promote corporate governance.
- **Engagement with Shareholders;**
 One of the major reforms the CLRC proposed under this consultative document is that private companies should no longer be required to hold annual general meetings. However, this flexibility dispensing with the statutory requirement to hold annual general meetings will not be accorded to public companies. The CLRC also proposed the abolishment of the unanimity rule in the passing of a written resolution. Instead, a written resolution could be passed by the same majority as is required at a general meeting.
- **Company Liquidation – Reforms and Restatement of the Law; and**
 The CLRC proposed that the gist of the structure of the current liquidation laws and procedures be retained. However, the CLRC also proposed reforms in areas pertaining to the commencement of winding up, termination of the winding up process, disposition of company assets by insolvent companies, liquidators' powers and rights, secured creditors' rights, preferential debts and the deregistration process. The recommendations were formulated to simplify the laws and procedures, promote business efficacy whilst ensuring that creditors' protection during the liquidation process is not sidelined.
- **Clarifying and Reformulating the Directors' Roles and Duties.**
 The CLRC proposed the introduction of the 'business judgement rule' that provides immunity for corporate directors when discharging their duties and responsibilities in the best interest of the company. The CLRC also proposed to clarify and reformulate the roles and duties of corporate directors to be in tandem with international trends and development and where appropriate, the proposals by the High Level Finance Committee Report on Corporate Governance.

This Interim Final Report shall form as part of CLRC's Final Report to be submitted in the first quarter of FY2008 to the Minister. Once completed, the CLRC's Final Report will contain the final recommendations on the following:

- (i) Members' Rights and Remedies;
- (ii) Creating a Conducive Legal and Regulatory Framework for Businesses;
- (iii) Capital Maintenance Rules and Shares Capital: Simplifying & Streamlining Provisions Applicable to the Reduction of Capital, Share Buy Back & Financial Assistance;
- (iv) Review of the Provisions Regulating the Substantial Property Transactions;
- (v) Review of the Corporate Insolvency Regime – The Proposal for a Corporate Rehabilitation Framework; Review of the Company Receivership Process; and Company Charges and Registration Process – Improvements to the Present Registration System;
- (vi) Review of the Criminal, Civil and Administrative Sanctions in the Companies Act 1965; and
- (vii) Auditors' Roles and Responsibilities.

The CLRC is an example of strategic cooperation forged between SSM and other regulatory bodies, professional institutions and members of the business community. The wisdom, experience and ideas forthcoming from the members of the CLRC will be moulded into a concrete corporate law reform agenda which is compatible with the needs of the nation.

Upholding
*'Balanced
Enforcement'*



Upholding *'Balanced Enforcement'*

“ CONTRARY TO POPULAR BELIEF THAT ENFORCEMENT MEANS ARRESTS, PROSECUTIONS, PUNISHMENTS, INVESTIGATIONS, TRIALS AND OTHERS EJUSDEM GENERIS (OF THE SAME KIND), THE TERM 'ENFORCEMENT' AT SSM HAS TAKEN ON A DIFFERENT DIMENSION ”

Enhancing SSM's *'Balanced Enforcement'*

The conventional enforcement actions undertaken are punitive in nature. It includes imposing compounds, arrests, investigations, prosecutions, trials and ultimately, penalties as imposed by the courts.

However, in SSM, the term 'enforcement' has now taken on a different dimension. SSM believes in an enforcement approach that embraces **ALL** efforts undertaken towards ensuring compliance of laws and regulations by the society. The enforcement approach SSM now embraces is that of *'Balanced Enforcement'*.

Previously, the laws and regulations were prescribed and all parties were expected to follow. This notion of compliance of the laws and regulations was based on the fear of sanction rather than appreciating the rationale behind it or how compliance with such laws and regulations can be beneficial. However, with the evolution and complexity of the corporate practices as well as the progress in the education system, availability of information and advancement in communication technology, it has become increasingly clear that a different approach is required.

Using the concept of *'Balanced Enforcement'* as one of its primary framework in enforcing the Companies Act 1965 (CA 1965) and Registration of Businesses Act 1956 (ROBA 1956), SSM had in 2007 pursued enforcement in a holistic manner. On the conventional side of enforcement, activities such as investigation, prosecution and the issuance of compounds were intensified against corporate offenders. Simultaneously, SSM was also proactive in instilling awareness amongst the corporate community as well as the general public through its continuous education programs. The creation of awareness was achieved through the organising of various courses and seminars as well as promotional activities. The effort to enhance public awareness on the need, importance and benefits of complying with the legal provisions was spearheaded by SSM's Training Academy and Public Affairs Section.



Conventional approach	SSM's 'Balanced Enforcement' approach
<ul style="list-style-type: none"> • Compounds • Arrests • Investigation • Prosecution 	<ul style="list-style-type: none"> • Education/instilling awareness through educational programmes, seminars and media publications organised by SSM's Training Academy and the Public Affairs Section to members of prescribed bodies and the public • Administrative tools • Compounds • Arrests • Investigation • Prosecution

The year 2007 saw the expansion of SSM's investigation arm into that of a full Division and headed by a Director. The Investigation Division has gone through extensive restructuring where currently the Division comprises of the Financial and Fraud Section, Corporate Governance Section, the Special Investigations Section and the General Offences Section.

In addition, SSM had also established a Complaints Section to enable more effective handlings on complaints from members of the public. The Complaints Section serves as the front line in receiving reports and complaints of corporate misdemeanours from the public. The officers in the Complaints Section will also filter the reports or complaints received before forwarding them to the Investigation Division.

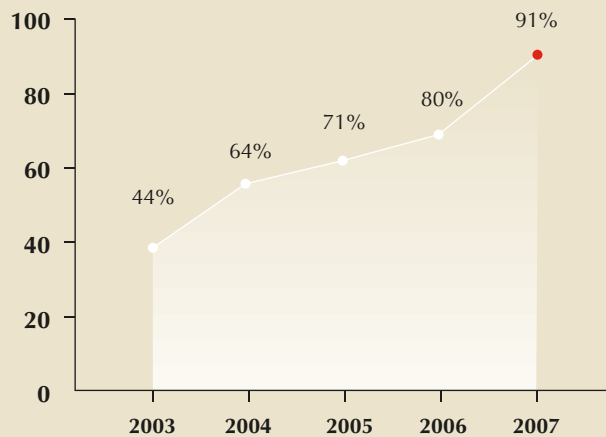
Increase in Compliance Rate

The increase in compliance underscores the efficient efforts of SSM in instilling good corporate governance and best business practices. Over a five-year period from 2003 to 2007, compliance has increased from 44 per cent to 91 per cent reflecting a 47 per cent leap for the better. The lustre performance is attributed to better the enhancement of SSM's 'Balanced Enforcement' approach, better trained officers and more efficient enforcement tools used.

When SSM was first established in 2002, the average compliance rate was approximately 44 per cent. SSM realised that the low rate of compliance was partly due to the poor promotion of the public's awareness on the need for compliance and the nonchalant or blasé stance taken by the public by simply ignoring the requirements of the law or preferring to pay fines instead. Due to the enhanced surveillance, inspection, investigation and prosecution activities, the compliance rate for 2004 had since started to show improvements, achieving a compliance rate of 64 per cent. In

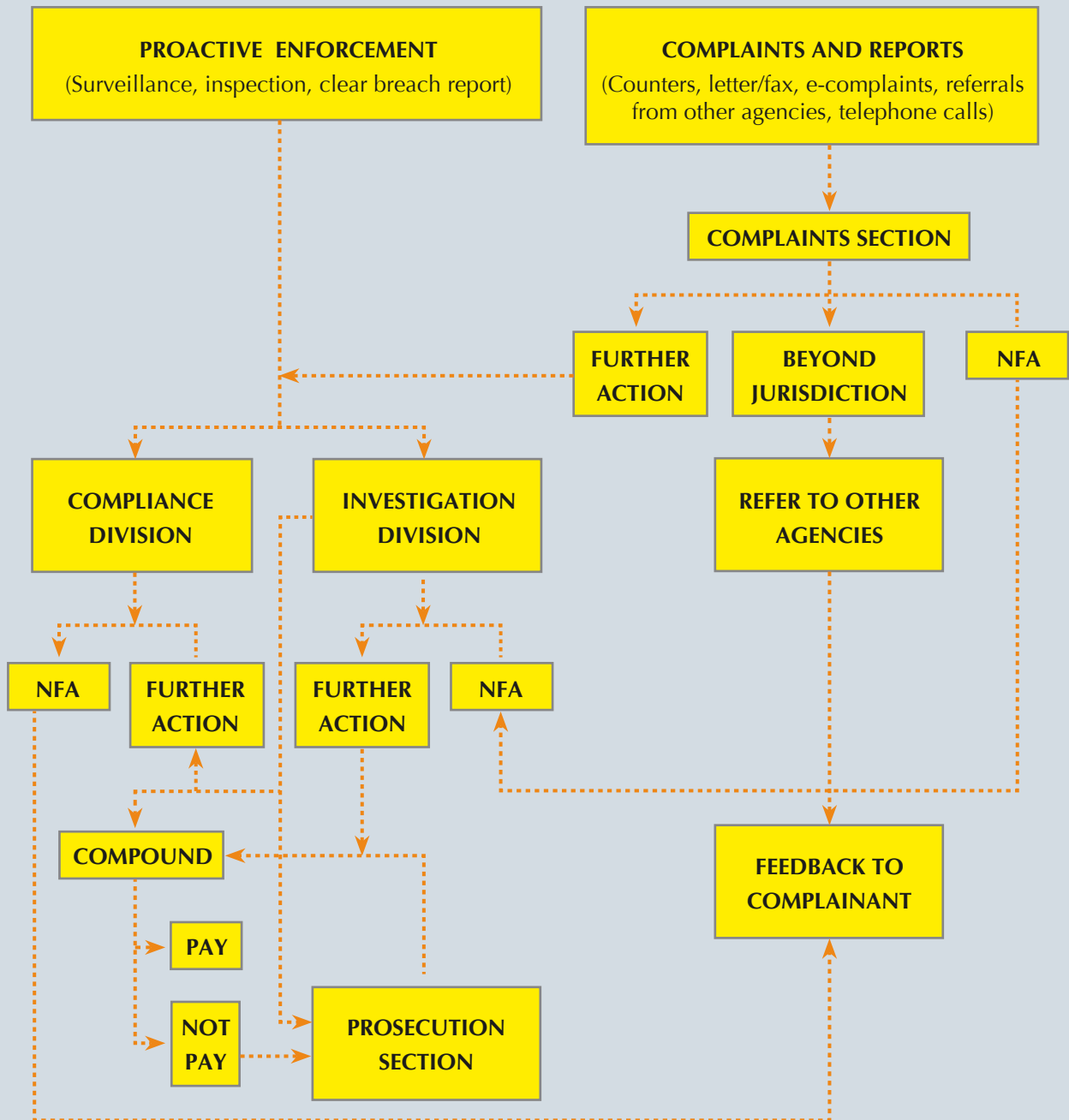
2006, SSM experimented with the 'Balanced Enforcement' approach that is the concurrent pursuit of conventional enforcement methodologies and the creation of awareness. The approach yielded encouraging result reflected through the achievement of 71 per cent compliance rate. The positive increase of compliance rate continued in 2006 with 80 per cent compliance. Recently in 2007, the compliance reached a high of 91 per cent, exceeding the initial target of 85 per cent set for the year. This remarkable achievement served as testament of the success of SSM's 'Balanced Enforcement' approach.

SSM's Compliance Rate 2003 - 2007



SSM aspires to achieve an annual compliance rate at par or better in comparison with jurisdictions such as Hong Kong (89% - 2006), New Zealand (94% - 2006), Singapore (90% - 2006) and the UK (95% - 2007). Towards achieving such target, the 'Balanced Enforcement' approach shall be continuously employed and enhanced.

SSM's Enforcement Dynamics



Complaints

During 2007, a total of 563 complaints were received by SSM, 111 of which were in respect of businesses and 452 were in respect of companies. Of these complaints received, a total of 493 were resolved comprising 103 business issues and 390 company issues. An analysis of the monthly number of complaints received and resolved is depicted in this accompanying table:

Month	Complaints Received		Complaints Resolved	
	Business	Company	Business	Company
January	10	30	10	9
February	5	19	5	6
March	7	25	7	5
April	10	43	10	19
May	9	43	9	20
June	12	42	12	20
July	11	37	5	68
August	9	55	9	43
September	14	45	6	40
October	5	45	4	58
November	7	32	8	47
December	12	36	18	55
Total	111	452	103	390

Further breakdown of complaints resolved (103 business issues and 390 company issues) are as follows:

Action Taken	Business	Company
No further action (NFA)	13	44
Beyond jurisdiction	54	26
Refer to Compliance Division	31	234
Refer to Investigation Division	4	60
Refer to Legal Services Division	1	26
Total	103	390

* NOTE: A case is classified as NFA where preliminary findings concluded no offence disclosed.

Inspection

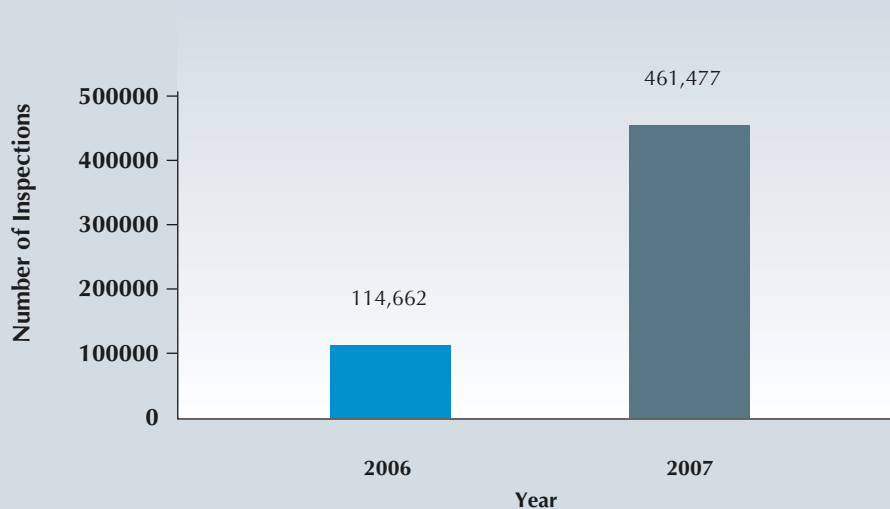
In 2007, physical inspections on companies and businesses continued to be carried out on companies and businesses on the following activities:

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

Apart from the physical inspections, during the year SSM had emphasized on database inspections which involved screening of corporate information stored in SSM database, looking out for breaches involving failure to lodge statutory documents.

In total, SSM conducted 104,813 physical inspections and 356,664 database inspections on both companies and businesses. SSM's change in inspection strategy had bore positive result in that the number of inspections had increased to 461,477 or 302.5 per cent compared to year 2006 of 114,662.

Comparison of Inspections Carried out in 2006 and 2007



Compounding of Offences Pursuant to Inspection

The number of compounds offered pursuant to both database inspections and physical inspections amounted to RM69.86 million. Offences uncovered from such inspection activities are tabulated below:

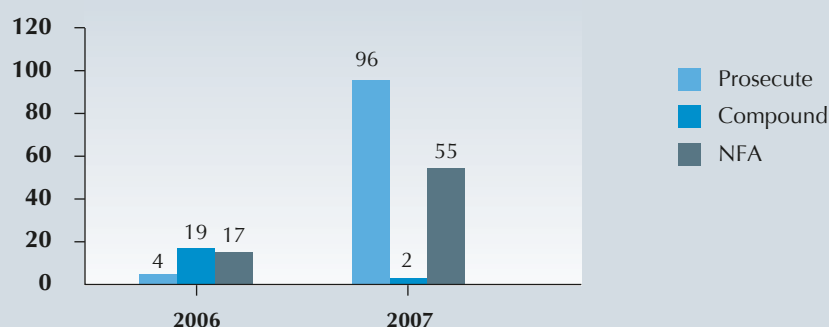
Details of Compounds Issued

Number	Offences (CA 1965)	Number of Cases
1.	Section 121(1)(b) – Failure to print company name and number in official documents	77
2.	Section 121(3) – Failure to display company name	155
3.	Section 143(1) – Failure to hold Annual General Meeting	7,789
4.	Section 165(4) – Failure to lodge Annual Return	10,604
5.	Section 167(1) – Failure to keep accounting records for seven years	3
6.	Section 169(1) – Failure to table accounts at the Annual General Meeting	66,590
7.	Section 169(4) – Failure to table the audited accounts at the Annual General Meeting	174
8.	Section 364(2) – Making false/misleading statement	101
Offences (ROBA 1956)		Number of Cases
9.	Section 12(1)(a) – Carrying on business without registration	2,766
10.	Section 12(1)(b) – Carrying on business after business registration expired	207,280
11.	Section 12(2) – Failure to display certificate of registration	956
12.	Rule 17A(1)(b) – Failure to submit change of registered business address	1,562
Total number of compounds issued		298,057

Investigation

During FY2007, a total of 42 cases classified as serious breach of corporate governance were investigated, 31 cases of which related to offences regarding fiduciary duty of directors and officers of companies. There were 69 other cases investigated involving fraud and financial reporting where 62 of them related to offences regarding false and misleading statements. 102 cases were investigated under the classification of general offences with 75 cases related to undischarged bankrupts acting as directors. An active investigative approach was being adopted to ensure speedier completion of investigation papers (IPs) especially for cases related to corporate governance as well as financial and fraud cases. A total of 96 cases were referred for prosecution out of 153 cases concluded in 2007. There was a significant increase of cases investigated and prosecuted due to the expansion of the Investigation Division, increase in officers' efficiency as well as better investigation technique employed.

**Comparison of Cases Prosecuted, Compounds and NFA
Completion/Disposal of IPs 2006 - 2007**



* NOTE: NFA means No Further Action

The year 2007 also saw an increase in the number of investigation papers (IP) opened as well as IPs disposed of. Again, such rise was attributable to the increase of manpower in the Investigation Division and manpower efficiency.

Prosecution

Cases prosecuted by SSM comprised offences ranging from the failure to hold annual general meetings, failure to file annual returns and submission of audited accounts in a timely manner, to more serious corporate governance cases that amongst others included breach of directors' duties, disclosure of corporate information, lodgement of misleading and false statements and undischarged bankrupt acting as a director.

In FY2007, the number of prosecutions doubled in number compared to the last two years. This was attributed to better detection, more knowledgeable officers and the use of more effective tools. A total of 7,626 cases under the CA 1965 and 1,220 cases under the ROBA 1956 were prosecuted respectively. The table below reflect the number of cases prosecuted:

Total Number of Cases Prosecuted Under Both the CA 1965 and ROBA 1956

Year	CA 1965		ROBA 1956	
	Cases charged	Cases convicted/ disposed	Cases charged	Cases convicted/ disposed
2007	7,626	4,965	1,220	823

*NOTE: A case is disposed of when it is conviction is secured or when compound is issued and paid

Breaches of good corporate governance are viewed seriously by SSM. In FY2007 a total of 82 officers/directors were charged in the court of law for contravening the principles of corporate governance. Details of such prosecutions are as follow:

Breakdown of Corporate Governance Cases Prosecuted

Number	Offences (CA 1965)	Number of Cases
1.	Section 364(2) – Making false/misleading statement	31
2.	Section 125(1) – Undischarged bankrupt acting as director	44
3.	Section 169(14) – Failure to give a true and fair view of the state of affairs of the company in the financial statement	2
4.	Section 167(1) – Failure to keep accounting records for seven years	4
5.	Section 133A – Prohibited loan to person connected with director	1
Total		82

SSM would usually offer to compound non-compliance cases by making a written offer as provided under Section 371A of the CA 1965. However, if the compounds were not paid within the time specified in the offer, prosecution for the offences would be carried out.

Details of Non-Compliance Cases Prosecuted for Breach of the CA 1965

Number	Offences	Number of Cases
1	Section 7(11) – Failure to give notice of information in writing to the Registrar	34
2	Section 107 – Failure to issue share certificate	15
3	Section 115(2) – Failure to keep copies of register of charges	18
4	Section 120(1) – Failure to notify change in registered address	17
5	Section 121(1)(b) – Failure to print company name and number in official documents	7
6	Section 121(3) – Failure to display company name	21
7	Section 134 – Failure to keep Register of Directors	17
8	Section 139(1B) – Office of secretary of company left vacant for more than one month at a time	1
9	Section 139(3) – Company Secretary appointed without directors' approval	34
10	Section 141 – Failure to keep register of directors, managers and secretaries	27
11	Section 143(1) – Failure to hold Annual General Meeting	631
12	Section 156 – Failure to keep minutes of meetings in minutes book	50
13	Section 158(1)(a) – Failure to keep a register and update Member's Book	15
14	Section 165A(1) – Failure to attach Auditor's Statements	4
15	Section 165(4) – Failure to lodge Annual Return	2,318
16	Section 165(5) – Failure to lodge Annual Return by Exempt Private Company	68
17	Section 169(1) – Failure to table accounts at the Annual General Meeting within the prescribed period	4,263
18	Section 169(4) – Failure to table the audited accounts at the Annual General Meeting	4
Total		7,544

Details of Cases Prosecuted for Breach of ROBA 1956

Number	Offences	Number of Cases
1	Section 12(1)(a) – Carrying on business without registration	99
2	Section 12(1)(b) – Carrying on business after business registration expired	639
3	Section 12(1)(c) – Failure to comply with requirements of the Registrar under section 10	11
4	Section 12(2) – Failure to display certificate of registration	237
5	Rule 17A(1)(b) – Failure to submit change of registered business address	69
6	Rule 17A(1)(c) – Failure to file notice of termination of business	6
7	Rule 17A(2) – Failure to display signboard	159
Total		1,220

Compounds Offered Pursuant to Investigation

The issuance of compounds for the lesser offences under both the CA 1965 and ROBA 1956 has resulted in a speedier disposal of cases. SSM has also in recent times applied to the courts to invoke the default penalty provisions to compel the offenders to comply with the requirements of the law.

Details of Compounds Issued for Non-Compliance of CA 1965

Number	Offences	Number of Cases	Compound Amount (RM)
1	Section 9(4)	4	3,100
2	Section 90(1)	1	10,000
3	Section 94(1)(b)	3	30,000
4	Section 115	1	200
5	Section 120	1	500
6	Section 121(1)(b)	1	200
7	Section 121(3)	1	600
8	Section 139B	1	200
9	Section 139(3)	3	1,000
10	Section 143	55	21,890
11	Section 156	3	1,400
12	Section 165(4)	50	22,900
13	Section 169(1)	1,240	854,740
14	Section 169(4)	2	7,000
15	Section 364(2)	1	5,000
Total		1,367	RM958,730

Details of Compounds Offered to Cases Involving Breach of Corporate Governance

Number	Offences	Compound Amount (RM)
1	Section 90 [1 case] – Offer/invitation to public to subscribe for membership of companies without valid prospectus	Compound RM10,000 (paid)
2	Section 94(1)(b) [1 case] – Failure to comply with a covenant contained in a trust deed	Compound RM10,000 (paid)
3	Section 94(1)(b) [1 case] – Failure to comply with a covenant contained in a trust deed	Compound RM20,000 (paid)
4	Section 125 [1 case] – Undischarged bankrupt acting as a director	Compound RM8,000 (paid)
5	Section 364(2) [1 case] – Making a false/misleading statement	Compound RM2,500 (paid)
Total compound collected		RM50,500

Details of Compounds Offered for Breach of the ROBA 1956

Number	Offences	Number of Cases	Compound Collected (RM)
1	Section 12(1)(a)	67	8,800
2	Section 12(1)(b)	431	56,900
3	Section 12(2)	160	21,100
4	Rule 17A(1)(b)	47	6,100
5	Rule 17A(2)	118	15,750
Total		823	RM108,650

Joint Prosecution with Other Agencies

Occasionally, SSM conducts joint prosecution with other related agencies. This is in line with SSM's belief in forging cooperation with other regulatory and law enforcement agencies towards bringing corporate criminals to justice. Among the notable cases are:

- **With Polis DiRaja Malaysia (PDRM)**
PP v Sandirasegaran (Case No. SA62-48-2007)

The accused was charged on three counts, namely under Section 465/471 of the Penal Code for falsification of documents (two charges) and Section 364(2) of the CA 1965 for lodgement of documents that contained false and misleading statements (one charge). The case is set for trial on 27-28 March 2008.

- **With the Securities Commission**

PP v Dato Chee Kok Wing & Tan Teck Hong (Case No. 62A-217-2007 & 62A-218-2007)

Both the accused were charged as a principal offender and abettor respectively under Section 55(1)(A) of the Securities Commission Act 1993 and Section 122B of the Securities Industry Act 1991 (SIA) and under Section 364(2) of CA 1965 for lodging documents containing false and misleading statement. The case is set for trial from 5-7 May 2008.

Civil Litigation

During the year under review, a total of 60 civil litigation files were handled on matters related to the CA 1965 and the ROBA 1956. Thirty cases were closed after final disposal by the courts. The civil cases handled related to:

- (a) Section 11(10) of CA 1965: appeal to High Court on the decision or actions of the Registrar.
- (b) Sections 22 and 23 of CA 1965: similarities of names.
- (c) Section 108 and 114 of CA 1965: application for extension of time for the registration of charges.
- (d) Section 125(1) of CA 1965: application for leave from Court for bankrupt directors to continue holding office.
- (e) Section 141 of the CA 1965: application for a declaration on management structure of a company.
- (f) Section 162 of CA 1965: application for Court order to rectify the Register of Members.
- (g) Section 308(5) of CA 1965: application to reinstate a company back into the Register of Companies after being struck-off.
- (h) Section 7 of ROBA 1956: application to rectify the Register of Members.

In 2007, the SSM was involved in litigation involving several civil cases including:

- **NV Multi Corporation Bhd v SSM (Section 84 and 91 of the CA 1965) (Interest Schemes)** Civil Appeal No. W-01-41-2005.

NV Multi Corporation Berhad and its subsidiaries were developers and operators of memorial parks comprising burial plot and columbaria structure in Malaysia. They developed lands into burial grounds for sale of individual plots to the public. SSM was concerned that the operations of NV Multi Corporation and its subsidiaries were tantamount to selling interest to the public or commonly known as interest schemes. These activities are regulated under Part IV Division Five of the CA 1965. The objective of the prevailing law is to protect public interest by ensuring only approved companies may offer interests other than shares and debenture to the public. This would avoid potential scams being offered resulting in massive loss of money by the investing public.

The inspection done by SSM showed that these companies did not have approved deeds pursuant to Section 91(1) of the CA 1965 for their business activities. SSM took enforcement actions against them for the breach. In turn a civil action in Kuala Lumpur High Court was filed against SSM for a declaration that their business activities did not fall under the category of 'Interest Schemes' under Section 84 of the CA 1965. The Kuala Lumpur High Court decided in NV Multi Corporation Berhad's favour. An appeal by SSM is now pending in the Court of Appeal.

- **Norakhamar v SSM (Section 125 and Section 162 of the CA 1965)**

Kuala Lumpur High Court Originating Summons No. D8-24-355-2006.

In this case, the Plaintiffs who are the Company Secretaries of a company known as 'Masmanis Sdn Bhd' filed an action for declarations, amongst others, that one Dato' Zainal bin Md Deros be removed as a director of the company by virtue of his bankruptcy status and all actions, dealings or transactions carried out by him from that date as null and void. Under Section 125 of the CA 1965, an undischarged bankrupt commits an offence by holding the position as a company director without prior leave from Court. This is consistent with Section 38 of the Bankruptcy Act 1967.

The High Court ruled that although the said director managed to set-aside the bankruptcy order, based on the Articles of the company, his directorship is automatically vacated upon the declaration of his bankruptcy. Since there was no proof of his re-appointment as a company director, it was accordingly deemed that his directorship had lapsed.

- **Halagel (M) Sdn. Bhd. v SSM (Section 22 and 23 of the CA 1965)**

Alor Setar High Court (MT2) Originating Summons No. 24-1618-2006.

This civil action was filed by the Plaintiff against SSM for a declaration that SSM made an error in approving the name of another company using the word 'Halagel' which was claimed to be similar to the Plaintiff's name hence causing confusion to the public. The name of the Plaintiff is Halagel Sdn Bhd, whereas the name of a new company approved by SSM is Nasmir Halagel Sdn Bhd.

The Court ruled that the Plaintiff did not provide any evidence to prove any confusion or damages were caused by usage of the name 'Halagel'; and based on the discretion conferred by Section 22 of CA 1965, the Registrar had acted properly.

Enforcement through Education and Awareness

Apart from conventional enforcement methodologies such as surveillance, inspection, investigation, prosecution and offering of compounds, an equally important but often underrated enforcement methodology - education and awareness was also pursued. In doing so, SSM was proactive in

engaging the corporate community, professional bodies, Government agencies and members of the public through the conduct of seminars and roadshows, participation in exhibitions and making media appearances. The topics highlighted include:

- Amendments to the CA 1965;
- Importance of Good Corporate Governance;
- Common Offences of Company Directors;
- Role of company directors and company secretaries;
- Doing business in Malaysia;
- Conduct of civil cases involving SSM; and
- Role of SSM in Anti-Money Laundering activities.

Further elaborations on enforcement via education and awareness are discussed in Chapter Six (**Reaching out to the Stakeholders, page 93-97**) and Chapter Seven (**Training Academy, page 103-107**) of this Annual Report.

Anti-Money Laundering and Counter Financing of Terrorism Efforts

Malaysia fully supports efforts to curb money laundering and financing of terrorism. As a nation, we are a member of the Asia Pacific Group on Money Laundering (the APG). Malaysia's Anti-Money Laundering and Anti Terrorism Financing Act 2001 (AMLA) is a federal legislation that has application throughout the States and Federal Territories, including Labuan. Bank Negara Malaysia is the designated authority for implementation of the AMLA and has powers to introduce measures that affect domestic and offshore institutions. The national efforts against money laundering are coordinated through the National Consultative Committee on AML/CFT (NCC) chaired by Bank Negara Malaysia. SSM is an active member of NCC.

The year 2007 was indeed a challenge for the NCC and SSM. The APG Evaluators conducted a Mutual Evaluation Exercise on Anti-Money Laundering and Counter Financing of Terrorism in Malaysia. This is the second Mutual Evaluation Exercise, after the first that was conducted in 2001, is to determine Malaysia's legal structure and level of compliance with the recommendations issued by the Financial Action Task Force.

Prior to the evaluation exercise, SSM's Legal Officers participated in the Working Groups established by Bank Negara to draft and submit a report to APG. This report was used as the reference guide by the team of evaluators when they conducted the on-site visit to Malaysia.

During the evaluation process, the Evaluators visited SSM on 31 January and 6 February 2007 focusing their questions to SSM senior management team on formation of companies, company secretaries, trust companies and companies limited by guarantee. The focused areas are as follows:

- The role of company secretaries in obtaining full particulars of their clients.
- The requirement to disclose to SSM and the need to register beneficial ownership of shares in private and public companies.
- The level of control exercised by SSM over incorporation and operations of companies limited by guarantee which are used as non-profit organisations to promote charitable causes.
- SSM's supervision over trust companies to ensure that unscrupulous parties are not misusing trusts as vehicles for money laundering.

As a result of the evaluation exercise, a comprehensive report was prepared by the APG and tabled at the Annual General Meeting of APG in Perth, Australia from 22 – 27 July. At this meeting, SSM was represented by two senior officers from the Enforcement Division. At this meeting also, the Mutual Evaluation Report on Malaysia was tabled, discussed and adopted. The full report is now available for public access at the APG's website (www.apgml.org).

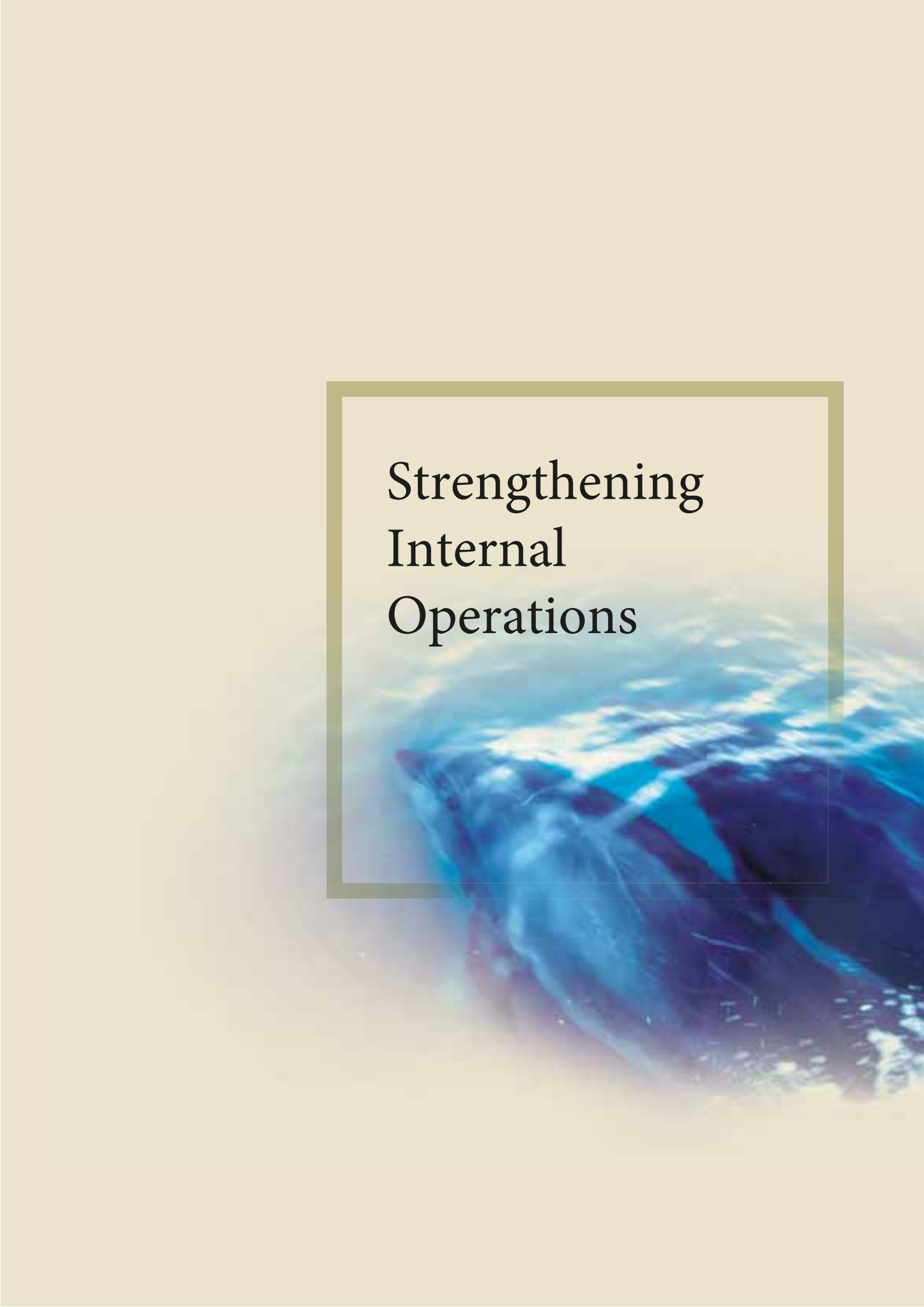
SSM's Legal Officers worked with Bank Negara Malaysia to draft and issue the Sectoral Guidelines on Anti-Money Laundering and Counter Financing of Terrorism for Company Secretaries pursuant to Sections 66E and 83 of AMLA. The purpose is to ensure that all Company Secretaries know their legal obligations as a reporting institution under AMLA. The Guidelines had been distributed to all Company Secretaries licensed by SSM in 2007.

Another task identified and will be carried out in 2008 is the drafting of the Sectoral Guidelines on AML/CFT for Trust Companies. This move is timely as trust companies had recently been designated as a reporting institution under AMLA.

Networking

In October, delegates from Financial Intelligence Unit of Bank Negara Malaysia (BNM) led by Director, Financial Intelligence Unit, made a courtesy call to SSM's Senior Director and officers of the Enforcement Division. During the visit, BNM commended the contributions of SSM in the overall national efforts in particular in preparing for the Mutual Evaluation Exercise.

In December, two Legal Officers from SSM attended the NCC Retreat organised by Bank Negara Malaysia at Pulau Langkawi to review the National Action Plan on Anti-Money Laundering and discuss on a risk-based approach which may be adopted as a national strategy to combat AML/CFT.



Strengthening Internal Operations

Strengthening Internal Operations



“ SSM HAD EMBARKED ON ENHANCING ITS INTERNAL OPERATIONS BY DEVELOPING SPECIFIC ORGANISATIONAL STRATEGIES AND INSTALLING ADEQUATE INTERNAL MECHANISMS TO MEET ITS KPIS, ENABLE GREATER EFFICIENCY AND TO ENSURE THAT THE PUBLIC SERVICE DELIVERY AT SSM MET OR EXCEEDED OUR STAKEHOLDERS’ EXPECTATIONS ”

During the year under review, SSM had embarked on enhancing its internal operations by developing specific organisational strategies and installing adequate internal mechanisms to meet its Key Performance Indicators (KPIs), enabled greater efficiencies and ensured that the public service delivery at SSM met stakeholders’ expectations. The enhancement of internal operations came in many forms that included the formulation of organisational strategies, installation of monitoring mechanisms, introduction and revision of standard operating procedures and other initiatives.

Annual Strategies 2007

At the organisational level, SSM had formulated its Annual Strategies 2007 which served as the general framework towards the implementation of the projects and activities in 2007. The Annual Strategies 2007 outlined the following strategies which were implemented for FY2007:

Strategy 1: Development of SSM’s IT Master Plan to enhance the overall IT infrastructure in ensuring efficient delivery system.

Strategy 2: Enhancement of SSM’s ‘Balanced Enforcement’ approach by the concurrent pursuit of legal enforcement and creation of awareness through continuous education.

Strategy 3: Development and modernisation of the corporate regulatory framework towards creating a conducive regulatory environment for the nation.

Strategy 4: Increase in SSM’s revenue through product and service innovation towards achieving sustainable financial performances.

Strategy 5: Improvement of SSM’s internal business processes for an effective and timely delivery system.

Strategy 6: Formulation and implementation of effective Human Resource policies focusing on human capital development.

Strategy 7: Improvement of SSM’s corporate branding to reflect an efficient and dynamic organisation.

The formulation of the strategies enabled SSM to focus on key areas that required urgent development towards achieving its vision to be a centre of excellence.

KPIs

The process of identifying KPIs involved the translation of the organisation's vision, mission and strategies into divisional, departmental and individual performance scorecards and initiatives at the beginning of each year. This included translating SSM's core values into competency standards. The key actions in identifying KPIs at SSM are:

- (i) Participative derivation of multi-perspective scorecards at departmental and individual levels;
- (ii) Collaborative development of action plans for accomplishing critical goals;
- (iii) Cascade of competency standards expected of individuals in the organization; and
- (iv) Collaborative identification of development plans for achieving competence standards.

This evaluation was derived from the implementation of the Performance and Competency Management System in 2006.

In determining the strategic objectives and KPIs, the criteria or yardsticks in measuring performance are:

- **Output-Related Indicators**
To be measured from volume, monetary value, compliance rate specifications, timeliness of output, etc.
- **Customer-Related Indicators**
Refers to acceptance/rework rate, satisfaction rate, number of complaints received, customer retention rate, etc.
- **Process-Related Indicators**
Refers to turn-around time, compliance with process specifications, compliance with timeliness, recovery time, etc.
- **Resource-Related Indicators**
Labour hours consumed versus planned, budget over-run, etc.

In aligning individual performance goals and plans, the determination of strategic objectives and KPIs are crucial where it should highlight goals with impact on strategies formulated and the dependent processes, i.e. it translates corporate priorities into individual performance goals and KPIs.

Key Performance Indicators Processes/Goal Setting Steps

The steps below involve discussions between a supervisor and his subordinate in identifying KPIs:

Step 1: Identification of performance area

Step 2: Determination of what needs to happen i.e. organisational and individual objectives

Step 3: Identification of measure i.e. performance indicators

Step 4: Setting of achievement targets

Organisational KPIs for 2007

The formulation of Annual Strategies 2007 had also identified various projects and key activities to be undertaken throughout that year. The successful completion of such projects and activities served as the benchmark towards meeting organisational KPIs.

Strategy 1: To develop SSM's IT Master Plan to enhance the overall IT infrastructure in ensuring an efficient delivery system.

- Implementation of the e-Lodgement project for companies and businesses to lodge related documents online.
- Review of ICT infrastructure in terms of applications and developments. The development of the ICT Strategic Plan (ISP) will incorporate issues such as data warehousing and data gateway system, network management and monitoring system, SSM's web-hosting services, Risk Management System and the Knowledge Management System.

Strategy 2: To achieve excellence in SSM's enforcement as well as promoting continuous education in advocating good corporate governance.

- Undertaking of robust monitoring of companies and businesses in Malaysia to meet the targeted compliance rate of 85 per cent.
- Establishment of the Anti-Money Laundering Secretariat to curb money laundering among companies and to prevent Malaysia from being used as a central point for money laundering.

- Provision of training to officers to ensure higher quality of documentation and timeliness in all cases related to prosecution and litigation in court.
- Conducting of seminars and training programmes such as Corporate Directors Training Programme (CDTP) and Licensed Secretaries Training Programme (LSTP) to further educate the business community on their roles and responsibilities to ensure good corporate governance.

Strategy 3: To develop and modernise the corporate regulatory framework to create a conducive regulatory environment for the nation.

- Completion of the Companies Act 1965 (CA 1965) reform initiative by the Corporate Law Reform Committee (CLRC).
- Amendments to the CA 1965 to cater for and facilitate e-Lodgements, to modernise the provisions of the CA 1965 and to enhance the national corporate governance structure.
- Amendments to the Registration of Businesses Rules 1957 to cater for and facilitate e-Lodgement.
- Gazetting of the relevant forms for the purpose of e-Lodgement.
- Formulation of the terms and conditions for users in furtherance of the e-Lodgement service introduced.

Strategy 4: To create new revenue streams through innovation for sustainable financial performances.

- Enhancement of the mobile counter and circuit counter operations across Peninsular Malaysia.
- Development of new products such as Corporate Information Data, Corporate Directory and the new format of company printout.
- Investment in new portfolios such as Malaysian Government Securities (MGS) and Negotiable Islamic Debt Certificates (NICD).

Strategy 5: To improve the internal business process for an effective and timely delivery system.

- Improvements to the Document Management System towards achieving better corporate data accuracy.
- Enhancement of the SSM's public viewing gallery towards creating a conducive atmosphere for stakeholders who undertake corporate information search.

Strategy 6: To implement effective human resource policies focusing on training and development to enhance technical and competency edge of the SSM workforce.

- Completing of the Competency Modelling Project.
- Undertaking the human resource audit on productivity.

During the year, SSM had succeeded in meeting all the organisational KPIs stipulated above.

Meeting Key Imperatives and Right Competencies

It is imperative to ensure that SSM employee have the right competencies for the job to help realise the strategic goals and objectives of the organisation. Towards this end, a total of 165 training programmes were conducted in 2007 and attended by 1,251 staff involving six staff from the Executive Management level, 25 staff from the Senior Management level, 59 staff from the Middle Management level, 474 staff from the Executive level, 599 staff from the Support Group (1) level and 88 staff from the Support Group (2) level. SSM's investment for the training in 2007 amounted to RM1.29 million. It can be summarised as below:

Type of Programmes	Number of Programmes	Total Course Fee (RM)	Attended					
			Exec. Mgt	Senior Mgt	Middle Mgt	Exec.	Support Grp (1)	Support Grp (2)
Overseas	10	59,822	1	7	4	7	-	-
Public	111	182,094	2	10	30	141	26	11
In-House	44	1,055,760	3	8	25	326	573	77
Total	165	1,297,676	6	25	59	474	599	88

In FY2007, a total of 19 staff from different levels attended overseas programmes at an investment of RM59,822. The programmes included Successfully Combating Fraud held in Singapore, the Economics and Facilities Management Conference in Singapore, the European Corporate Registers

Forum in Riga, Latvia, Organisational Emergency Preparedness and Responsiveness in Bangkok, HR Asia Congress in Manila, Human Resource Strategy in Jakarta and North of The Border: Iskandar Development Region in Singapore.

A total of 220 employees from different levels and various departments participated in 111 public training programmes during 2007 at an investment of RM182,094. The programmes included Accounting, Store and Stock Management, Investigation Methodology, Conflict Management, Business Communication Skills, Asset and Building Maintenance, IT, Motor Vehicle Maintenance, Human Resources Management, *'Bengkel Teknik Penggambaran Kamera'*, Memo and Letter Writing, Effective Thinking, Thinking Outside the Box, Finance Management, Audit, Telephone Skills, Tender Preparation and Evaluation, Electronic Record Management for Public Sector, *'Pengurusan dan Pengacaraan Majlis'*, Motivational, MAICSA Conference, EPF, Customer Service, Safety and Security, Quality and Excellent Counter Service.

SSM employees had also participated in various trainings conducted in-house such as KPIs Formulation, Effective Leadership Skills, E-Lodgement System, *'Taklimat Pembantu Tadbir Cemerlang'*, Enhancing Analytical and Creative Thinking, Secretarial Course and Pre-Retirement Programme. A total of 1,012 staff from different levels and departments attended various programmes at an investment of RM1,055,760.

In recognition of the importance of leadership skills and qualities, an Outstanding Leadership Programme was held from 24-27 May 2007 at the Berjaya Tioman Beach Golf and Spa, Tioman Island, for SSM's Senior Management, and a Breakthrough Leadership Programme was held from 15-18 November 2007 at the Swiss Garden Resort, Lumut for SSM's Executive Management staff to further enhance their understanding on coaching, mentoring, problem solving, decision making as well as strategic thinking process.

Each year, Induction Programmes are organised for Non-Executive and Executive level staffs. Every new employee is required to attend the seven-day programme, and to sit for an examination that would determine confirmation of their positions in SSM. An Induction Programme for Non-Executives was organised from 25 June – 1 July 2007, while an Induction Programme for Executives was organised at Excel Camp, Lenggeng from 30 July – 5 August 2007. Besides classroom activities, outdoor activities were also organised for the participants.

Towards Talent Management

During the year under review, four key projects were implemented towards a better talent management at SSM. These included:

(i) Salary Adjustment

The proposal for a salary adjustment tabled in January 2006 was approved by the Cabinet in February 2007. It was initiated in June 2005 with salary adjustment quantum of 10, 12, 15 and 20 per cent according to grades. The implementation of the salary adjustments was carried out in July 2007 across the board with a total increase was up to 20 per cent of the previous month's salary.

(ii) New Grading System (New Structure)

In furtherance to the salary adjustment, a new grading system was introduced. Various SSM grades were converted to a new grading system from SSM1-12 to G64-G45 and these new grades are currently being transferred gradually into the Human Resource Management System (HRMS).

(iii) Implementation of New Cost of Living Allowance (COLA) Rate

A proposal for an increase of COLA from RM100 to RM200 and RM150 to RM300 (according to State ratings) was approved in October and was implemented in November 2007.

(iv) Implementation of e-Leave

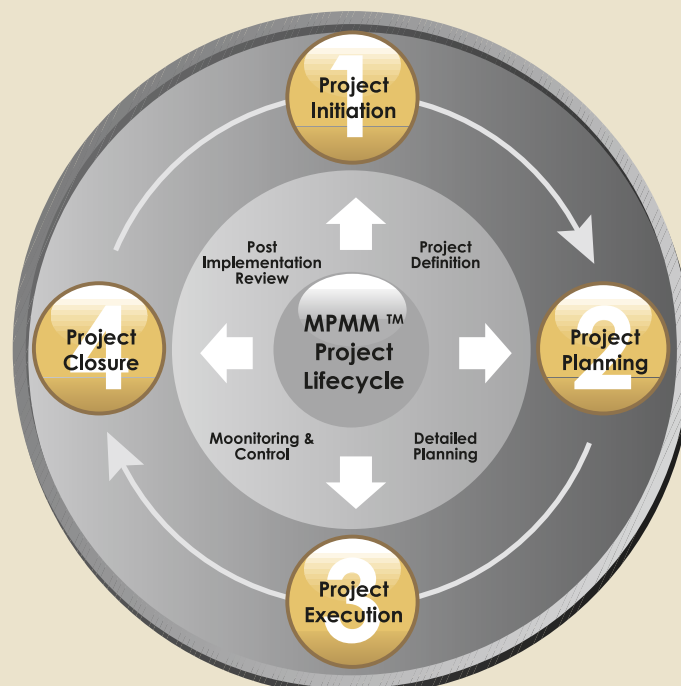
The e-Leave system was introduced in April 2007 to ease and expedite the processing of applications for leave from SSM staff.

Internal Work Processes

Efforts to enhance internal work processes were also undertaken during 2007. Some highlights include:

(i) Establishment of a Project Management And Monitoring Office

During FY2007, SSM had established the Project Management and Monitoring Office (PMO), residing within the Corporate Development and Policy Division (CDPD). The PMO had also introduced the Project Management and Monitoring Manual (P2M Manual). The P2M Manual is to ensure the effective and efficient implementation of projects and activities, provide the general framework to organise and manage resources and update SSM's Management on the progress of each project or activity being undertaken. SSM has adopted the MPMM™ Project Management Life Cycle as depicted below:



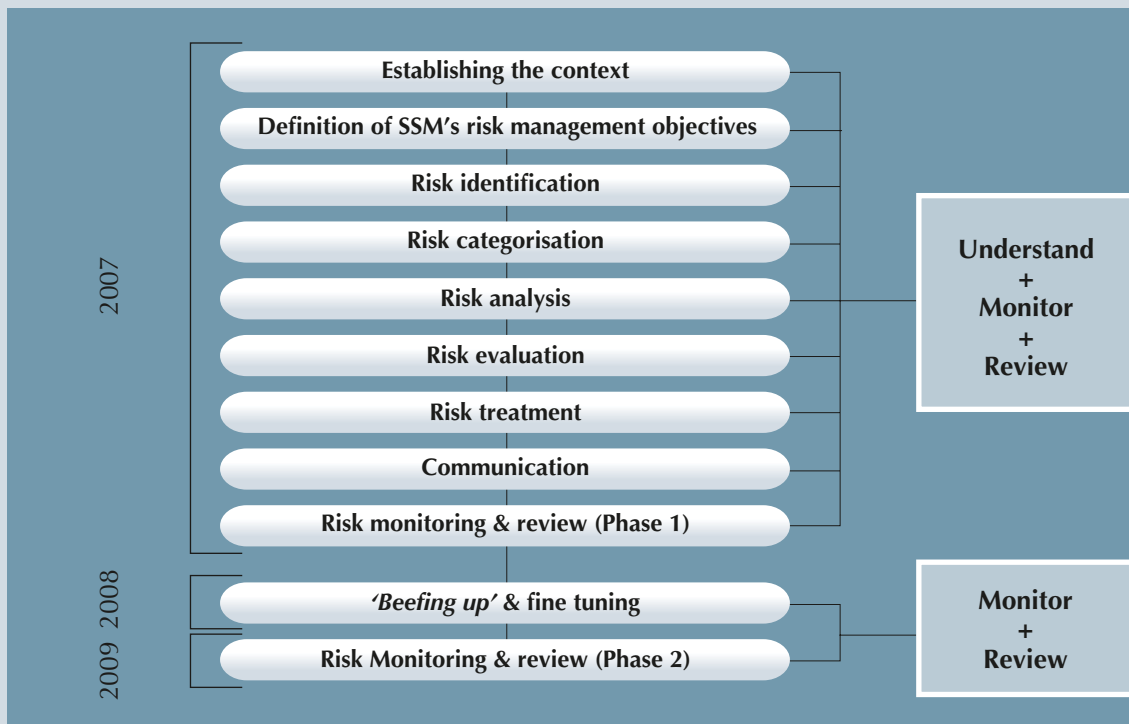
The objectives of the PMO are to:

- (a) reduce cycle time and delivery costs;
- (b) improve quality of project deliverables;
- (c) ensure early identification of project issues, budget, scope and risks;
- (d) reuse of knowledge and the ability to leverage the knowledge for future projects;
- (e) improve accuracy of project estimates;
- (f) improve perceptions of the project management organisation by our partners;
- (g) improve people and resource management; and
- (h) reduce the time taken to start new projects.

(ii) Establishment of the Risk Management Unit

A Risk Management Unit (RMU) residing within CDPD was established in the third quarter of 2007. Subsequently, an Enterprise Risk Management Policy was introduced in SSM to conform with best risk management practices consistent with SSM's aspiration to achieve a respectable governance level in its management. The establishment of RMU is also consistent with the corporate sector's trend in embracing the concept of risk management in their daily operations. Today, risks in SSM are no longer addressed on an ad-hoc basis but in a systematic, scientific and objective approach.

SSM has adopted the AS/NZS4360:2004 model as the basis of its risk management policy. This model is an internationally recognised standard risk management methodology. To ensure a proper organisational fit, SSM has made the necessary modifications to suit the prevailing circumstances. The enhanced model is depicted as follows:



The risks identified in the Enterprise Risk Management Policy were categorised (e.g. strategic, compliance, systemic, systems, operational and financial) and analysed in terms of likelihood assessment, impact assessment and control assessment. Thereafter, the treatment for each risk was prescribed. All Divisions and states have their respective risk liaison officers, reporting to the RMU on a monthly basis effective in 2008 on the steps taken to mitigate the identified risks. In 2008, apart from keeping track of the various risks identified, SSM will further enhance the Enterprise Risk Management Policy introduced in 2007.

SSM has also embarked on inculcating the culture of risk management amongst its staff through briefings conducted by the RMU. The RMU has also been responsive to real threats such as floods which occurred throughout December 2007 and had issued the Risk Management Policy for Floods to all its branches nationwide, which detailed the reporting mechanism and the action to be taken when such a mishap occurs.

(iii) Knowledge Management Initiative

SSM recognises the importance of updating its staff on the latest information on a daily basis. Beginning May 2007, daily news pertaining to local and international economic, business and socio-political events was posted twice daily on SSM's e-Portal. The news quoted were those that have direct or indirect implications on SSM's functions and operations. The notification and news summary are via e-mail to all staff and the full content can be accessed from SSM's portal. In addition, scanned images of newspapers and magazines excerpts were also made available for staffs' reference on a daily basis.

During FY2007, numerous Brown Bag sessions to share information/knowledge among staff were held. Under this initiative, any staff who has been nominated/has applied to attend a certain training course related to his/her job function, is to share the knowledge gained from attending the course, with his/her peers. From January until May 2007, a total of nine Brown Bag sessions were held and attended by 163 staff.

Formulation of the ICT Strategic Plan (ISP)

During the year under review, SSM had engaged a consultant to conduct a study and assessment on SSM's ICT environment. The key strategic objectives of the ISP are as follows:

- Defining a strategic framework and a set of guidelines for the development and use of ICT within SSM (i.e. to identify ICT opportunities, define target applications, develop technology strategy and develop ICT governance framework).
- Preparing the Implementation Plan that defines a strategic road map for the implementation of the prioritised applications (i.e. to develop and rank projects, prepare for the transition strategy and to formulate the implementation strategy).
- Outlining the financial implications for the implementation of the identified initiatives.

The study and analysis comprised three stages namely:

(a) Analysis

- Analysing the present ICT environment in SSM;
- Understanding business processes and establish areas (if any) requiring a re-design;
- Identifying any areas of commonality across the business;
- Identifying business priorities for the ICT strategy; and
- Engagement of SSM staff and management - Scheduling and conducting interviews and workshops with the selected senior executives to gain an understanding on the overall business vision, strategies, objectives and business drivers for SSM.

(b) Development

- Identifying the preferred ICT application architecture - policies, organisation, applications, data and technology.

(c) Planning

- Identifying and validating projects that will deliver organisational benefits to support the overall ICT strategy;
- Developing short, medium and long-term goals;
- Prioritising the sequence of ICT initiatives;
- Developing high level cost estimates for major initiatives;
- Developing implementation plans and overall project timelines; and
- Developing measurement framework to support the implementation of the proposed ISP.

The ISP is a five-year master plan to enhance SSM's ICT framework and operations. Its implementation is scheduled to kick-off in 2008.

International Engagement





“ SSM’S STATURE WAS FURTHER ELEVATED IN THE INTERNATIONAL ARENA WITH THE ELECTION OF SSM’S CEO AS THE JOINT CHAIR (TOGETHER WITH THE CHIEF EXECUTIVE OF ACRA) FOR THE CRF 2007/08 SESSIONS ”

International Engagement

In 2007, SSM was actively engaged in a myriad of international events, gaining recognition in the international turf.

Corporate Registers Forum 2007

An exciting event was the gathering of the best brains and experience in corporate registry in Kuala Lumpur and Singapore. The Corporate Registers Forum 2007 (CRF2007) was jointly organised by SSM and the Accounting and Corporate Regulatory Authority (ACRA) of Singapore. The forum was held from 16-20 April 2007 with the theme **‘Evolution of the Corporate Registers: Challenges & Opportunities’**. The aim of the CRF2007 was to provide delegates with the opportunity to review the latest developments in corporate registers on the international front, and to exchange experiences and information on the present and future

operations of corporate and business registration systems. The CRF2007 saw the presentation of papers and deliberations on:

- (a) The Evolution of the Corporate Registers: Challenges and Opportunities;
- (b) Invention and Innovation of Corporate Services;
- (c) Updates on Corporate Law Reform;
- (d) Updates on Jurisdictional Registration System;
- (e) Harnessing the Power of IT; and
- (f) Product Development and the Use of Integrated Corporate Information.

The Malaysian delegates, led by the CEO of SSM presented the following papers:

- Leading Transitions: The Shifts Toward Innovation and Enterprise;

- The Innovation of Corporate Services;
- The Corporate Law Reform Programme; and
- Evolution of ICT at SSM.

Delegates from the member CRF countries such as Australia, New Zealand, Canada, the Cook Islands, Fiji, Hong Kong, India, Pakistan, Malaysia, Mauritius, Nigeria, Samoa, Singapore, Sri Lanka, South Africa, Tonga, the United Kingdom and Vanuatu attended the forum.

CRF Member Countries



In addition, the CRF2007 was also attended by representatives from non-member countries, such as Brunei, Norway, Sweden, Denmark, Spain and the Netherlands who were interested to know about the roles and challenges of corporate registrars. The CRF2007 attracted a total of 67 international delegates. CRF2007's Kuala Lumpur round was officiated by the Minister of Domestic Trade and Consumer Affairs. SSM as the joint host fielded 12 delegates at the forum.

SSM's stature was further elevated in the international arena with the election of SSM's CEO as the Joint Chair (together with the Chief Executive of ACRA) for the CRF 2007/08 sessions. Following Malaysia's success in organising the CRF2007 in April, Malaysia is now being used as a point of reference for legal corporate development, public service delivery and other issues pertaining to corporate registers.

European Corporate Registers Forum 2007

SSM fielded two delegates at the European Corporate Registers Forum (ECRF) 2007 held in Latvia in June 2007. A key outcome of Malaysia's attendance was that SSM gained recognition from the ECRF member countries.

Mutual Evaluation Exercise on Malaysia

During the year under review, SSM facilitated the visit by APG Evaluators for the Mutual Evaluation Exercise on Anti-Money Laundering and Counter Financing of Terrorism in Malaysia 2007. The objective of this Mutual Evaluation is to examine the legal structure in place to combat money laundering and financing terrorism. This is the second Mutual Evaluation Exercise, after the first that was conducted in 2001. The Evaluators are composed of senior enforcement officers from the United Kingdom, New Zealand, Australia and Indonesia. During their visit to SSM on 31 January and 6 February 2007, they sought clarification from SSM's senior management team on issue relating to formation of companies, company secretaries, trust companies and companies limited by guarantee.

SSM officers attended the Annual General Meeting of APG on Anti-Money Laundering and Counter Financing of Terrorism in Perth, Australia from 22 – 27 July 2007. At this meeting, the Mutual Evaluation Report on Malaysia was tabled, discussed and adopted. It is encouraging to note that the approved Report on Malaysia was very positive. Other member countries of the APG commended Malaysia on its implementation of a well-structured legal regime to counter money laundering and financing of terrorism.

Visitations by Foreign Delegations

In FY2007, SSM was privileged and honoured by foreign delegations at its offices in Kuala Lumpur. The visiting delegates were from the Maldives, Singapore as well as from a large group of international participants attending the Corporate Registers Forum 2007. The visitors were walked through by SSM on its operational activities, e-Lodgement, e-Info and the amendments to the corporate legal framework in respect to corporate governance issues. The study tour proved highly interesting for the delegates. It is interesting to note that SSM is highly regarded as a point of reference in a myriad of diverse subjects.

Other International Engagements

During 2007, SSM had also in collaboration with the Malaysian Industrial Development Authority (MIDA) participated in Trade Missions to Europe.

CRF Website

Being a member country of CRF, Malaysia and SSM are featured in CRF's website at www.corporateregistersforum.org. The CRF website also contains a link to SSM's website. The CRF website and SSM's English website serve to provide information to foreign businessmen and investors on SSM and the procedures in relation to the incorporation of local companies and the registration of foreign companies.

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Reaching Out To Stakeholders



Reaching Out To Stakeholders

“ GOOD STAKEHOLDER MANAGEMENT HAS CLEAR INSTRUMENTAL VALUE TO ENSURE THAT MALAYSIA IS SEEN OPERATING IN GOOD GOVERNANCE AND ORDER, AND ADOPTING BEST BUSINESS PRACTICES ”

SSM sees effective communication as a key factor in reaching out to its stakeholders. The role of communication is to help create a climate that is as advantageous as possible to the development and success of the agenda and objectives of SSM. The strategy for achieving this is through establishing a clear and positive understanding of SSM through activities that deliver strong subscription and ensuring that target audiences understand SSM's positioning, and are supportive of its goals, objectives, activities, services, core values, brand promise, credibility, policies and the rule of law in compliance with legislated business conduct.

SSM, in enhancing its stakeholder relationships undertook various programmes to meet stakeholders' expectations. Prudent management of SSM's operating environments includes ensuring conducive relationships with its stakeholders.

Harnessing the ICT to Reach Stakeholders

SSM had utilised the internet, as a medium to reach out to its stakeholders. Notifications such as the extension of counter operations, the holding of events and legal and practice updates are communicated through e-mails. With the arrival of e-Lodgement, e-mail is identified as the most important mode of communication. In fact, one of the pre-requisites for any person to utilise SSM's e-Lodgement service is having a valid e-mail address to enable communication to be effected.

In addition to e-mails, SSM has also further leveraged on its website to reach out to stakeholders and the public in general. The English version of the SSM website was unveiled on 26 March 2007. With the launching of the English website, SSM's presence in the international arena is now felt. Most importantly

the information pertaining to SSM and the ways to do business in Malaysia are accessible to the international community. SSM's website serves as the forefront in providing information to the international community and investors on how local companies can be incorporated and foreign companies can be registered. SSM's website also contains link to the Ministry of Domestic Trade and Consumer Affairs as well as to the e-Info and e-Lodgement services. The website is updated as and when news pertaining to SSM is reported in the media, events are organised or the latest update in the legal framework is made available. SSM's website address is at www.ssm.com.my. The existing website has been identified for upgrading pursuant to SSM's ISP project.

Media Engagements



Various media appearances and interviews were conducted to disseminate key messages and to promote and create greater awareness in the public with regard to SSM, its role, products and services. SSM's Executive Management were interviewed over the air on radio networks such as KL FM, Classic FM and over television networks such as TV3, NTV7, Astro, RTM1 and RTM2 on matters pertaining to the amendments to the Companies Act 1965 (CA 1965), e-Info and e-Lodgement. The detailed list of electronic media appearances is as follows:

Network	Date	Programme	Subject matter
RTM1	19 July 2007	<i>Selamat Pagi Malaysia</i>	Malaysia Consumer Day
	27 December 2007	Business Malaysia	e- Lodgement
RTM2	28 May 2007	Hello On Two	Corporate Governance and the Latest Amendments to the CA 1965
	7 June 2007	Business Malaysia	Corporate Governance and the Latest Amendments to the CA 1965
	5 September 2007	<i>Selamat Pagi Malaysia</i>	Corporate Governance and the Latest Amendments to the CA 1965
Business Malaysia			
KL FM	26 July 2007	Interview with KL FM	Corporate Governance and the Latest Amendments to the CA 1965
	6 September 2007	Interview with KL FM	Corporate Governance and the Latest Amendments to the CA 1965
	27 December 2007	Interview with KL FM	e- Lodgement

SSM had also organised and granted media interviews as well as issued news releases. The New Straits Times (NST), Berita Harian, Utusan Malaysia, The Star, The Edge, Malaysian Business and others had helped to propagate the key messages in corporate governance, amendments to the CA 1965, improvement in the public delivery systems, enforcement initiatives as well as products and services.

Publication of 'Guidelines – Doing Business in Malaysia'

On 7 July 2007, SSM launched a publication entitled '*Guidelines - Doing Business in Malaysia*' and distributed the brochures to investors and the public. The brochure provides the public, business community and investors, domestic and overseas alike, an overview on the vehicles that may be used to conduct business in Malaysia. It contains information on how to incorporate a local company, register a foreign company and register sole proprietorships and partnerships as well as the prescribed fees imposed and forms required for such activities. In addition, the brochure also provide information on SSM Training Academy, SSM products and services, the new Client Charter and the location of SSM branches nationwide. Copies of the booklet are available at SSM for RM20. It has also been distributed in Latvia, Paris and also placed at the Ministry of International Trade and Industry.

Leveraging On the Establishment of Mobile Counters and Circuit Counters

The establishment of mobile counters nationwide and a circuit counter at Dewan Bandaraya Kuala Lumpur was also aimed at reaching out to other stakeholders, particularly the small business operators and traders. Such counters played a dual role – facilitating business registration and renewals and disseminating information pertaining to SSM. Details on the mobile counters activities can be found in Chapter One (**Enhancing Service Delivery, page 36 - 37**) of this Annual Report.

Seminars

Pursuant to the amendments to the CA 1965, SSM had organised various seminars nationwide to explain the dynamics and impact of the amendments. In addition, SSM was also invited to conduct in-house trainings and seminars through collaboration with various government-linked companies, professional bodies and organisations. Details of such activities can be found in Chapter Seven (**Training Academy, page 103 - 107**) of this Annual Report.

SSM's Participation in Expositions and Outreach Programmes

SSM also participated in several events such as the Intellectual Property Day 2007 from 26-29 April 2007, SMIDEX from 5-8 June 2007, SDSI Expo at the Melaka International Trade Centre (MITC) from 5-8 July 2007, National Consumer Carnival 2007 at Shah Alam Stadium from 25-29 July 2007, *Gerak Usahawan Nasional 2007* at PWTC from 25-26 August 2007 and the National Integrity Convention 2007 at PICC on 6 September 2007. SSM's participation in these events helped project SSM in a better light and propagated the key messages of our strategic initiatives.

The details of the selected expositions and outreach programmes which were held in 2007 are as shown on the next page:

Exhibitions, Expo and Outreach Programmes Participated by SSM in 2007

Programme	Organised by	Date
Exhibitions & Expo		
Expo - Intellectual Property Day 2007	Intellectual Property Corporation of Malaysia (MyIPO)	26-29 April 2007
Expo - SMIDEX 2007	Small Medium Industries Development Corporation (SMIDEC)	5-8 June 2007
<i>Expo - Satu Daerah Satu Industri (SDSI)</i>	Ministry of Entrepreneur and Co-operative Development (MeCD) & Melaka International Trade Centre (MITC)	5-8 July 2007
National Consumer Day 2007	Ministry of Domestic Trade and Consumer Affairs	25-29 July 2007
Malaysia Consumer Day (Kuala Lumpur) 2007	Ministry of Domestic Trade and Consumer Affairs (KL Office)/Majlis Hal Ehwal Pengguna KL	16-17 August 2007
<i>Pesta Konvokesyen Universiti Islam Antarabangsa Malaysia (UIAM) (CONVEST 07)</i>	<i>Universiti Islam Antarabangsa Malaysia</i>	24-29 August 2007
<i>Gerak Usahawan Nasional 2007</i>	Ministry of Entrepreneur and Co-operative Development (MeCD)	25-26 August 2007
<i>Karnival Remaja Gemilang Peringkat Kebangsaan 2007</i>	<i>Pertubuhan Pembangunan Remaja Malaysia (PEREMA)</i> in collaboration with <i>Agensi Anti Dadah Kebangsaan</i>	25-26 August 2007
<i>Festival Konvokesyen Universiti Malaya (UM) 2007 (FESKUM 07)</i>	<i>Majlis Perwakilan Mahasiswa UM</i> in collaboration with <i>Bahagian Hal Ehwal Pelajar UM</i>	3-9 September 2007
<i>Konvensyen Integriti Nasional 2007</i>	<i>Institut Integriti Malaysia (IIM)</i>	6 September 2007
Malaysia Financial Exhibition 2007 (MYFex2007)	<i>Perbadanan Insurans Deposit Malaysia (PIDM)</i>	30 October - 4 November 2007
<i>Exhibition & Seminar-Perniagaan Melalui Sektor Peruncitan '07</i>	Ministry of Domestic Trade and Consumer Affairs with <i>Persatuan Pedagang Dan Pengusaha Melayu Malaysia (PERDASAMA)</i>	17-18 November 2007
<i>Fiesta Usahawan Luar Bandar 2007</i>	<i>Jabatan Kemajuan Masyarakat (KEMAS)</i>	30 November - 2 December 2007
Outreach Programmes		
Outreach Programme & Briefing on Registration of Business & Incorporation of Companies	Youth & Sports Department, Perlis	26 March 2007
Outreach Programme & Briefing on Registration of Business & Incorporation of Companies	<i>Majlis Perbandaran Kajang (MPKJ)</i>	10 July 2007
Outreach Programme & Briefing on Registration of Business & Incorporation of Companies	<i>Majlis Perbandaran Parit Buntar</i>	17 August 2007
Outreach Programme & Briefing on Registration of Business & Incorporation of Companies	<i>Majlis Perbandaran Sepang (MP Sepang)</i>	14 November 2007
Outreach Programme & Briefing on Registration of Business & Incorporation of Companies	<i>Majlis Bandaraya Petaling Jaya (MBPJ)</i>	4 December 2007

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Training Academy



Training Academy

“ SSM’S TRAINING ACADEMY ASPIRES TO BE THE PREMIER BUSINESS AND CORPORATE LEARNING CENTRE ”

Knowledge acquisition involves complex cognitive processes: perception, learning, communication, association and reasoning. The term knowledge is also used to mean the confident understanding of a subject with the ability to use it for a specific purpose.

In providing knowledge for best business practices, SSM Training Academy was established on 1 April 2007 as a full-fledged Division headed by a Director who is responsible for the training programmes for company directors, company officers, professionals, the business community and members of the public on aspects of corporate law and corporate governance practices. In addition, the Training Academy is also responsible for enhancing SSM employee capabilities and capacity. SSM’s Training Academy aspires to be the premier business and corporate learning centre. The Training Academy consists of four major departments. They are the Corporate Development, Centre for International Programme, Administration and Resource Centre and Staff Development. The above four departments are supported by the following schools to plan, develop and conduct training programmes in the related area of specialization as well as undertake studies, surveys and research:



The Training Academy is guided by an Advisory Panel comprised of:

- (i) Wong Wing Seong
- (ii) Y.M. Raja Datuk Arshad Raja Tun Uda
- (iii) Datuk Dr Zainal Aznam Mohd Yusof
- (iv) Datuk Dr Abdul Samad Hj Alias
- (v) Idris Abdullah
- (vi) Mohd Arif Mohd Yusof
- (vii) Tee Geok Hock
- (viii) Abdul Karim Abdul Jalil (ex –officio capacity)

New Name and Logo for the Training Academy

Subsequent to its operationalisation in April 2007, it is now officially called Companies Commission of Malaysia Training Academy (COMTRAC). Besides having its own Advisory Panel, COMTRAC also has its own official logo as shown below:



Explanation on the Logo

COMTRAC is the acronym for 'COMPANIES COMMISSION OF MALAYSIA TRAINING ACADEMY'

COM - Companies Commission of Malaysia

TR - Training

AC - Academy

The three-dimensional C connotes COMTRAC's commitment to produce knowledgeable and pragmatic stakeholders.

The Globe denotes the services rendered by COMTRAC to be of international standards.

Pursuing Education of Stakeholders

During FY2007, a series of training sessions in various aspects were conducted for the benefit of SSM's stakeholders. They included:

(i) SSM Seminar on 'Latest Updates of the Companies Act 1965 (CA 1965)'

A series of SSM Seminars on the 'Latest Updates of the CA 1965' were organised to provide stakeholders a better understanding on the far reaching implications of the Companies (Amendment) Act 2007 (**Implementing A Dynamic Legal Framework, page 49 - 51**). Targeted at SSM's stakeholders, i.e., trade associations, corporations, private and public agencies, intermediaries, academicians and students of higher institutions, the seminar had the following objectives:

- To update stakeholders with amendments to the CA 1965;
- To create awareness on how the changes in legislation affect their business decisions;
- To respond to issues and regulatory problems raised by participants in their dealings with SSM; and
- To share experiences with the participants and inform them of SSM's latest initiatives and requirements.

The seminars organised in Kuala Lumpur, Seberang Prai, Kuching, Kota Kinabalu and Johor Bahru received a tremendous response. It was again conducted in Kuala Lumpur later that year due to overwhelming response.

Details of Seminars Conducted on 'Latest Updates of the CA 1965'

Date	Venue	Number of Participants
20 July 2007	Kuala Lumpur	314
30 July 2007	Kuching, Sarawak	113
31 July 2007	Kota Kinabalu, Sabah	123
9 August 2007	Seberang Prai, Penang	143
20 August 2007	Kuala Lumpur	210
24 August 2007	Johor Bahru, Johor	199
Total Number of Participants		1,102

(ii) Collaboration Programmes for SSM Seminar on 'Latest Updates of CA 1965' with Government-Linked Companies (GLCs), Professional Bodies and Other Companies

Apart from the seminars described, SSM had also organised a special event for GLCs' directors, company secretaries and top management on the amendments to CA 1965. The half-day seminar, themed **"Empowering Corporate Malaysia: Impact of the Amendments to the Companies Act 1965 on GLCs"** was held at Berjaya Times Square Hotel and Convention Centre on 10 September 2007 and attended by more than 400 participants. The seminar for GLCs had generated further interests amongst the GLCs, companies and professional bodies, leading to more similar seminars being conducted throughout 2007. The organisations included the Telekom Malaysia Berhad, Celcom (Malaysia) Berhad, Maxis Mobile Sdn Bhd, UEM Builders Berhad and KC Teh Management.

Details of the In-House Programmes Organised for GLCs and Other Companies in FY2007

Companies	Date	Venue	Number of Participants
Celcom (Malaysia) Berhad	28 August 2007	Kuala Lumpur	64
Maxis Mobile Sdn. Bhd.	25 October 2007	Kuala Lumpur	50
Telekom Malaysia Berhad	13 November 2007	Kuala Lumpur	90
KC Teh Management Services Sdn Bhd	29 November 2007	Klang	44
UEM Group of companies	17 December 2007	Petaling Jaya	50
Total Number of Participants			298

Apart from being invited as speakers to the various in-house seminars, SSM through COMTRAC had also co-organised the seminar with professional bodies such as MIA and MAICSA, the details of which are as follows:

Details of Collaboration Programmes Held by SSM and the Professional Bodies in FY2007

Organisation	Date	Venue	Number of Participants
Malaysian Institute of Accountants (MIA)	22 October 2007	Ipoh	49
	29 October 2007	Penang	53
	21 November 2007	Kuala Lumpur	270
	26 November 2007	Kuantan	46
		Johor Bahru	94
	27 November 2007	Malacca	40
	3 December 2007	Labuan	19
	4 December 2007	Kota Kinabalu	38
	5 December 2007	Tawau	21
	6 December 2007	Sandakan	27
	10 December 2007	Kuching	53
	11 December 2007	Sibu	33
	12 December 2007	Bintulu	25
13 December 2007	Miri	50	
Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)	31 October 2007	Kuala Lumpur	247
	16 November 2007	Penang	87
Total Number of Participants			1,152

(iii) Corporate Directors' Training Programme (CDTP)

In FY2007, a total of 100 CDTP were organised and attended by 5,455 participants. Since its introduction in May 2001, SSM has organised a total of 2,591 CDTP programmes in four languages attended by 117,283 participants. The English programmes conducted by COMTRAC as well as SSM-approved institutions, ranked highest in popularity with 1,424 sessions conducted and 57,120 participants having attended. The Mandarin programmes numbered 777 with 46,177 participants, while the Bahasa Malaysia sessions numbered 386 with 13,922 participants. The Tamil sessions saw four programmes organised and attended by 64 participants. Except for the English sessions, all the other sessions in Bahasa Malaysia, Mandarin and Tamil were conducted by SSM approved institutions. SSM had conducted the courses in various languages to effectively reach out to our multi-varied stakeholders. Apart from company directors, the programme is also open to all officers of companies and members of professional bodies.

The objectives of the CDTP are to:

- Improve the knowledge and understanding of the directors relating to company law and good corporate governance practices;
- Enhance the level of corporate governance practices amongst companies and directors;
- Educate the directors on the procedure and rules relating to company and shareholder meetings; and
- Provide the participants with knowledge of commercial crime and types of common offences committed by company directors.

The modules under the CDTP are as follows:

Module 1	The Roles and Responsibilities of Company Directors
Module 2	The Law & Practices for Company Meetings
Module 3	The Common Offences Committed by Company Directors Under the Companies Act 1965
Module 4	Commercial Crime
Module 5	Corruptions: Offences and prevention
Module 6	Understanding and Application of Good Corporate Governance

(iv) Licensed Secretaries Training Programme (LSTP)

The LSTP is specifically designed for licensed company secretaries who have been issued with licences by the Registrar under Section 139A(b) of the CA 1965. It is also targeted at those who aspire to become a licensed secretary under the said section. The LSTP began in October 2007. The main objective of this programme is to instill pertinent knowledge to participants in all aspects of secretarial practices. Participants are equipped with a clearer understanding of the compliance requirements that are crucial to helping them render their duties according to the provisions of the CA 1965 and other related regulations. This programme is also suitable for other officers of companies who are interested to know or intend to enhance their knowledge on corporate compliance requirements, best practices and common offences committed by company secretaries in carrying out their daily tasks.

The LSTP comprises of three (3) levels and each level consisted of two modules as listed below:

LEVEL 1
Module 1 - Roles and Responsibilities of Company Secretary
Module 2 - What Do You Need to Know About Companies?

LEVEL 2

Module 3 - Directors, Officers and Auditors

Module 4 - What you need to know about Registered Offices, Statutory books, Statutory Returns and other Documents

LEVEL 3

Module 5 - Dealing with Company Meetings

Module 6 - Common Offences Committed by Company Secretaries under the Companies Act 1965

Upon completion of all three (3) levels of the programme, participants will:

- Acquire in-depth understanding on the roles, responsibilities and duties of a company secretary;
- Understand the skills that a good company secretary must have;
- Understand the types of companies and fundamental principles of corporate law;
- Have in-depth understanding about company and board meetings;
- Know how to deal with directors, company officers and auditors; and
- Understand the common offences committed by company secretaries.

In 2007, 90 participants attended the inaugural October sessions and due to the overwhelming response, COMTRAC had increased up to 60 seats for each level. A total of 189 participants attended the November sessions. Moving forward, there are plans for the LSTP to go regional.

Date	Level	Number of Participants
29 October 2007	1	30
30 October 2007	2	30
31 October 2007	3	30
13 November 2007	1	62
14 November 2007	2	64
15 November 2007	3	63
Total Number of Participants		279

(v) Internal Staff Development Programmes

Continuous internal staff development programmes which aim at developing and enhancing competencies of SSM's staff were conducted throughout the year as illustrated in the table on the next page:

Details of Internal Staff Development Programmes Held in FY2007

Number	Programmes	Date	Number of Staff Participating
1	Name Search Process and Procedures	8 May	55
2	English Language Program (Intermediate)	9 July – 6 September	31
3	English Language (Advanced)	12 July – 10 September	29
4	Latest Updates of CA 1965 Seminar	14 August	105
5	Microsoft Excel 2003 (Basic)	10 – 11 September	25
6	Microsoft Excel 2003 (Intermediate)	12 – 13 September	30
7	Microsoft Excel 2003 (Advanced)	17 – 18 September	26
8	Microsoft Excel 2007 (Basic)	26 – 27 September	29
9	Microsoft Excel 2007 (Intermediate)	1 – 2 October	26
10	Microsoft Excel 2007 (Advanced)	8 – 9 October	25
11	'V-Lib' Train The Trainers Training	19 November	4
12	Drafting Skill Programme	12 – 14 December	21
Total Number of Participants			406

(vi) Training Programmes Developed by Internal Experts

To nurture internal experts and enhance competencies amongst SSM's employees, internal training programmes have been formulated throughout FY2007. A complete module for 'Interest Schemes and Name Search Processes and Requirements Under the CA 1965' have been developed. The programmes intended to enable SSM staff to be familiar with matters pertaining to Interest Scheme and Name Search were carried out on the 8 May 2007 and 29 August & 29 September 2007. A total of 74 internal staff attended both programmes.

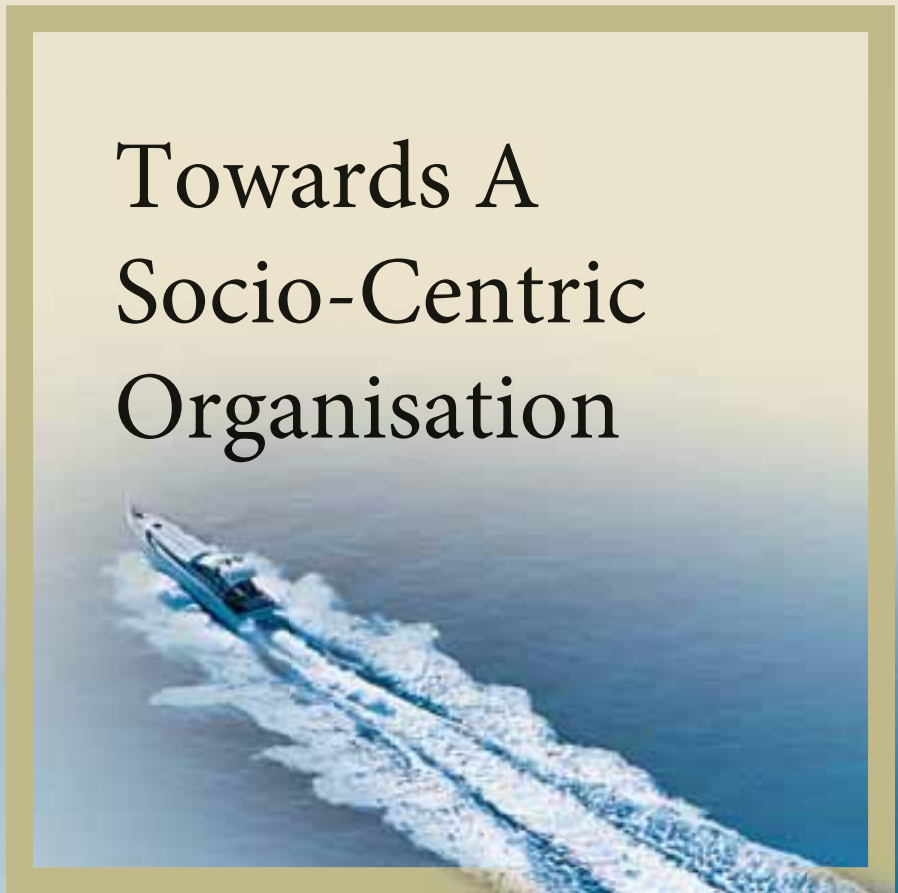
SSM's Resource Centre

SSM's Resource Centre came under the purview of COMTRAC in July 2007. A restructuring of the centre was undertaken for a smoother delivery system. An e-Library service was developed and introduced to SSM staff. The loan of reading materials will now be bar-coded and scanned into the system to provide for better record keeping of materials loaned.

Moving Forward

Moving forward, COMTRAC is analysing and formulating suitable programmes for enhancing the core competencies of SSM staff. It is also developing various programmes to further enhance the knowledge and skills of SSM's stakeholders and internal staff to ensure a healthy business community, one that will continue to thrive in tandem with global best business practices.

Towards A Socio-Centric Organisation





Towards A Socio-Centric Organisation

“ AS A SOCIO-CENTRIC ORGANISATION, SSM EMBRACES THE NOTION OF CORPORATE SOCIAL RESPONSIBILITY PRACTISED BY THE BUSINESS COMMUNITY ”

In carrying out its mandate and responsibilities, SSM is always mindful of its role in the community. As a body corporate, SSM, its staff and stakeholders constitute a component of the Malaysian society. As a socio-centric organisation, SSM embraces the notion of corporate social responsibility practised by the business community. The notion, which is generally divided into intrinsic and extrinsic parameters, comprises voluntarily and proactive steps taken by SSM towards improving the quality of life of its employees and their families as well as society at large. In doing so, SSM is committed to contributing towards sustainable social development.

Extrinsic Initiatives

SSM is committed towards ensuring that Malaysia becomes a platform for good corporate conduct and best business practices through corporate governance. Towards achieving this objective, SSM has carried out many continuous education programmes through seminars, dialogues, discussions,

trainings and lectures to disseminate the knowledge on good corporate practices. Such activities were carried out without the charging of fees or where fees were charged, it involved minimal amount. In addition, the many mobile counter services established by SSM have also helped the community in understanding the legal provisions of the laws. The pursuit for education is part of SSM's *'Balanced Enforcement'* of the legislations under its purview.

SSM is also sensitive towards the multi-ethnic composition of the country as well as its business community. In reaching out to its stakeholders, SSM had taken the initiative to conduct its Corporate Directors' Training Programmes in four languages – Bahasa Malaysia, English, Tamil and Mandarin.

In assisting those affected by the floods in Johor last year, SSM had replaced their business certificates at no charge. Other extrinsic efforts included various donations made, such as to the orphans at the Rumah Anak Yatim Belaian Kasih, Taman Ukay Perdana, Ampang.

Intrinsic Initiatives

As a responsible employer, SSM has taken cognisance of the importance of employee welfare. During the year under review, SSM implemented a revised salary scheme for its staff involving increments at all levels and provided for an increase in the amount of Cost of Living Allowance (COLA) – both of which are in line with the government’s move to increase the wage and COLA for public servants. Enhanced employee medical benefits have also been incorporated to include extending the age limit for staffs’ children for medical claims, better coverage for illnesses, better hospitalisation benefits, outpatient benefits, and increase in the number of panel clinics and hospitals. Another move towards achieving a balanced work-life in SSM was through the establishment of SSM’s Sports and Recreational Club known as Kelab Suruhanjaya Syarikat Malaysia of which membership is opened to all SSM staff.

The club had organised a number of activities for its staff and their family members as follows:

Date	Event	Venue
18 May 2007	SSM Annual Dinner	Kuala Lumpur Convention Centre
18 August 2007	SSM Treasure Hunt	Starting point at the Legend Hotel, Kuala Lumpur and ended at Ancasa Resort All Suites, Port Dickson
19 August 2007	SSM Family Day	Ancasa Resort All Suites, Port Dickson

SSM also recognised the academic achievements of the children of its staff, and had presented awards and prizes for such achievements. The 2007 UPSR and PMR Excellence Awards which comprised a certificate and RM200 each were presented on 14 January 2008 to 24 children of SSM staff who had obtained excellent results in their respective public examinations.

In providing for greater interaction and engagement between SSM staff and Management, a forum known as Majlis Bersama Jabatan (MBJ) was established as a platform for SSM staff to voice any issues pertaining to the workplace and their welfare. During 2007, two sessions of MBJs were held, which brought to the attention of Management, matters such as the proposal to increase staff’s cost of living allowance (COLA), increase medical coverage provided by panel clinics and enhance the overall working environment in SSM headquarters and branch offices.

During the year, SSM had also organised various ‘Ceramah Agama’ during Ramadhan and conducted Quranic recitation classes for spiritual fulfilment. A *Majlis Berbuka Puasa* was held on 19 September at the Legend Hotel, Kuala Lumpur. A *Hari Raya* gathering was also held on 25 October to celebrate the festival.

Financial Highlights And Key Statistics

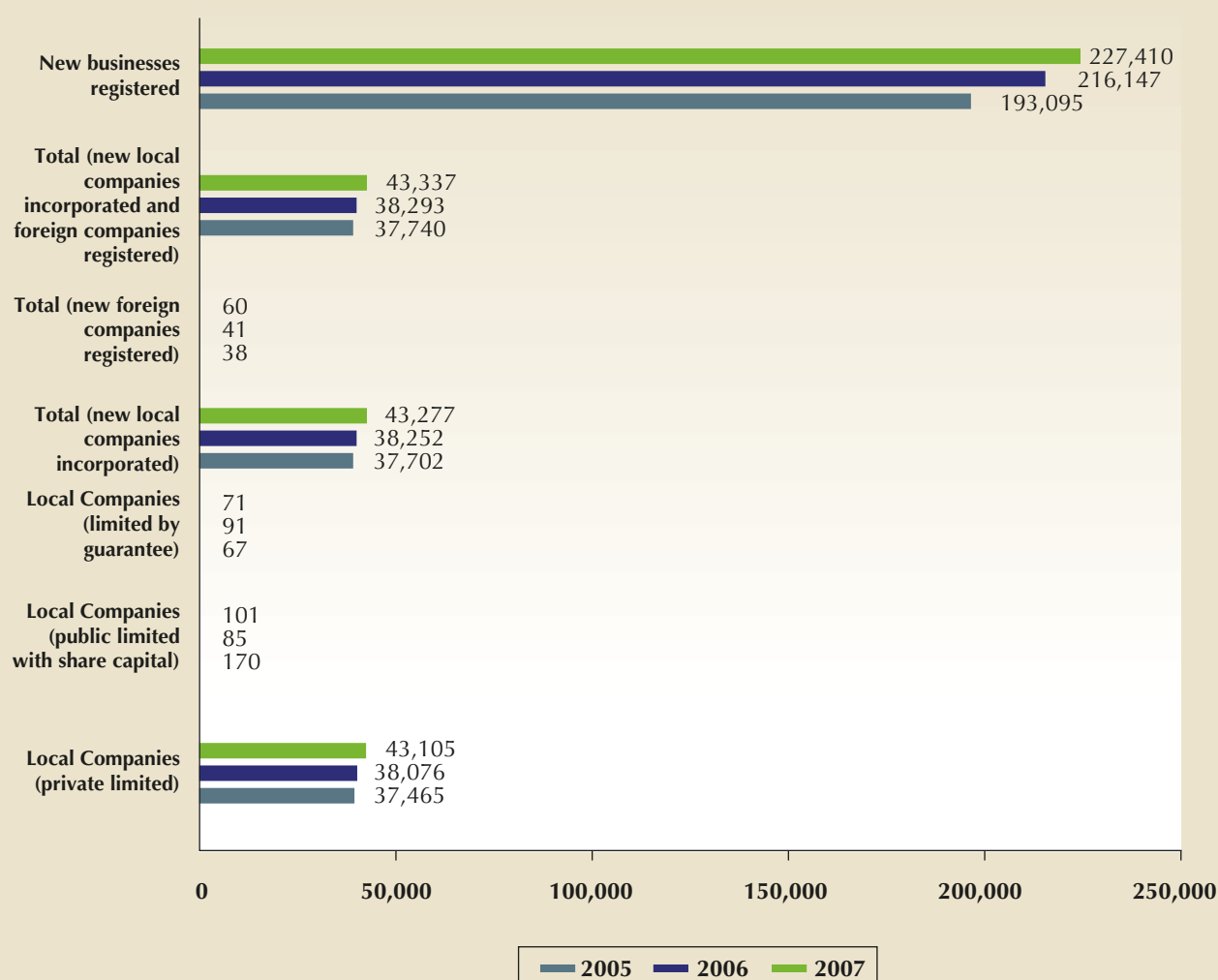


Financial Highlights And Key Statistics

The key financial data of SSM for the last five years from 2003 to 2007 is as follows:

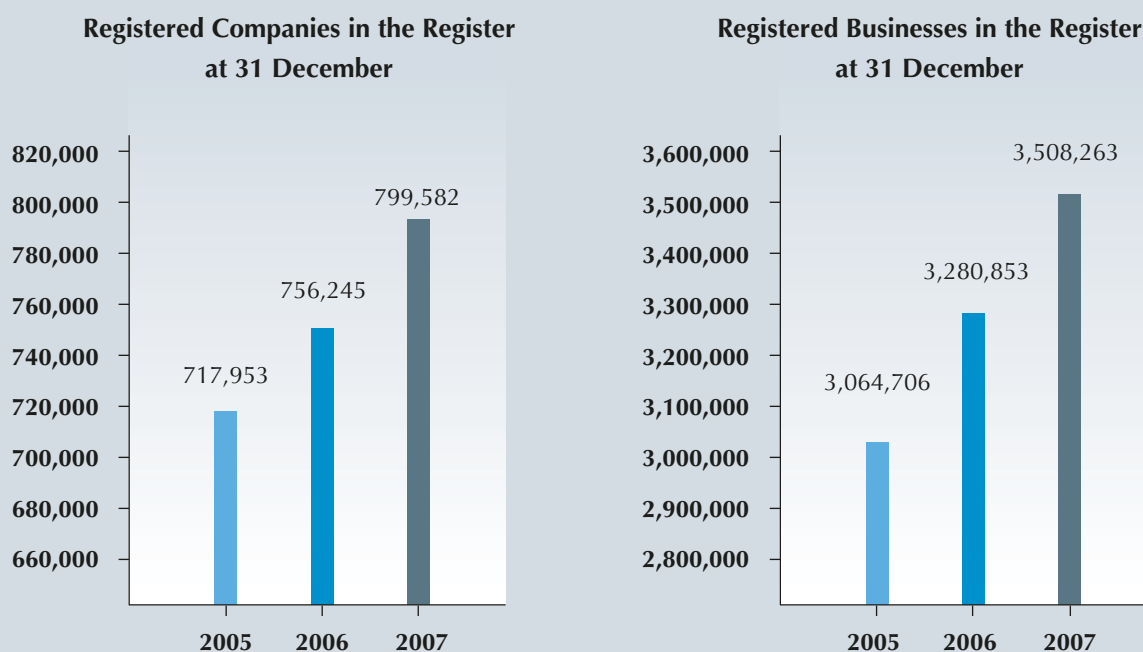
Subject Matter	FY2007	FY2006	FY2005	FY2004	FY2003
1. Non current assets and net assets employed	372,552,744	314,047,715	265,682,975	223,665,185	167,045,750
2. Asset turnover ratio	0.59	0.59	0.62	0.67	0.61
3. Reserves	402,921,652	376,518,509	365,334,830	328,206,914	356,196,906
4. Non current liabilities	791,003	923,538	1,087,858	1,191,552	-
5. Income	313,595,984	276,485,568	251,920,450	242,886,095	228,726,234
6. Surplus	59,056,506	50,016,655	45,801,057	55,491,279	67,003,234

Registration of Companies and Businesses



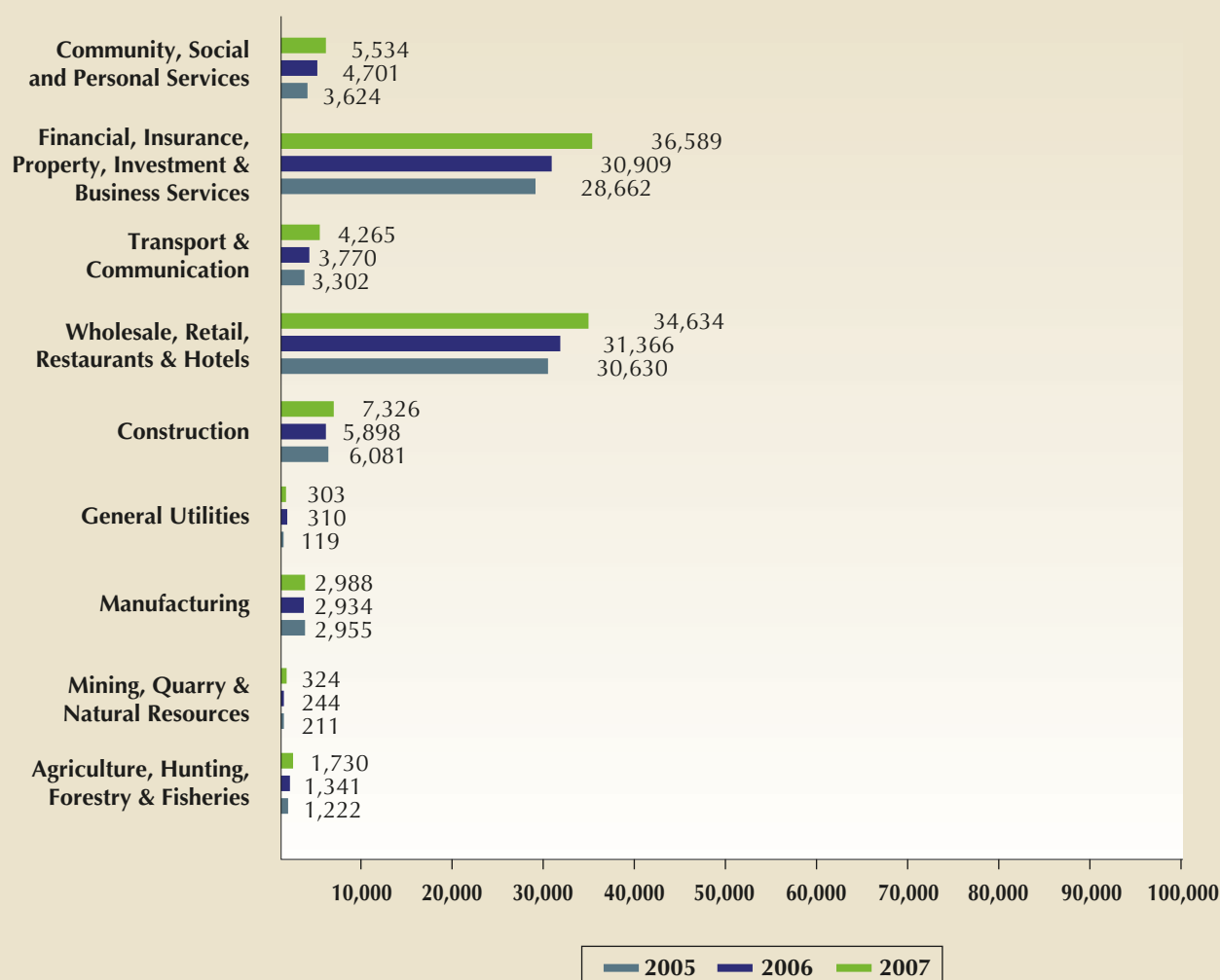
In FY2007, the number of registrations for new companies (both local and foreign companies) and businesses has increased significantly compared with the previous year, with a 13.1 per cent increase in local companies, 46.3 per cent in foreign companies and 5.2 per cent in businesses. These increases were attributed to the increased business and corporate activities on account of the robust expansion of the Malaysian economy of 6.3 per cent in 2007, driven by sustained domestic demand from both the private and public sectors, high commodity prices, buoyant stock market and sustained foreign direct investments .

Additionally, the marked improvement in SSM's service delivery, particularly the substantial reduction in the time taken for incorporation of new companies and registration of businesses as well as the introduction of online registration for businesses had also contributed to the rise.



The total number of companies registered as at 31 December 2007 stood at 799,582 compared with 756,245 at 31 December 2006, recording a growth of 5.7 per cent over the year, while a growth of 6.9 per cent was recorded for businesses, with 3,508,263 and 3,280,853 businesses registered at 31 December 2007 and 31 December 2006 respectively. In fact, the growth of new companies and businesses has maintained at over 5 per cent per year on the back of the nation's sustained economic growth.

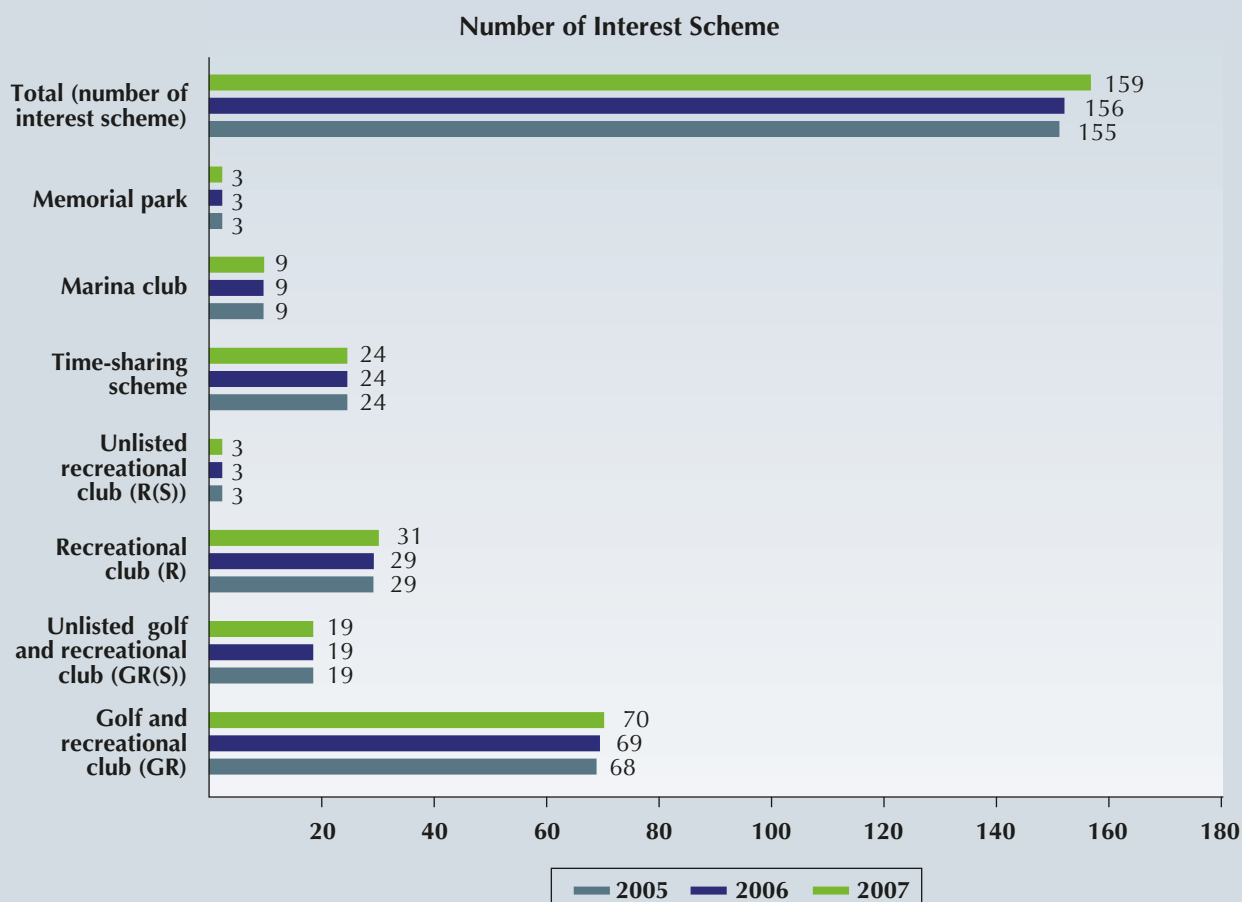
Companies Registered According to Category of Business



In FY2007, the total number of companies registered in the financial, insurance, property and business services sector constituted the highest number (39.1 per cent), followed by the wholesale, retail, restaurant and hotel sector (37.0 per cent) and construction sector (7.8 per cent).

The financial services sector as well as the distributable trade continued to be the key contributors towards the growth of the nation's economy and employment. These were supported by sustained robust domestic demand from both the private and public sectors and new growth areas in financial and business services.

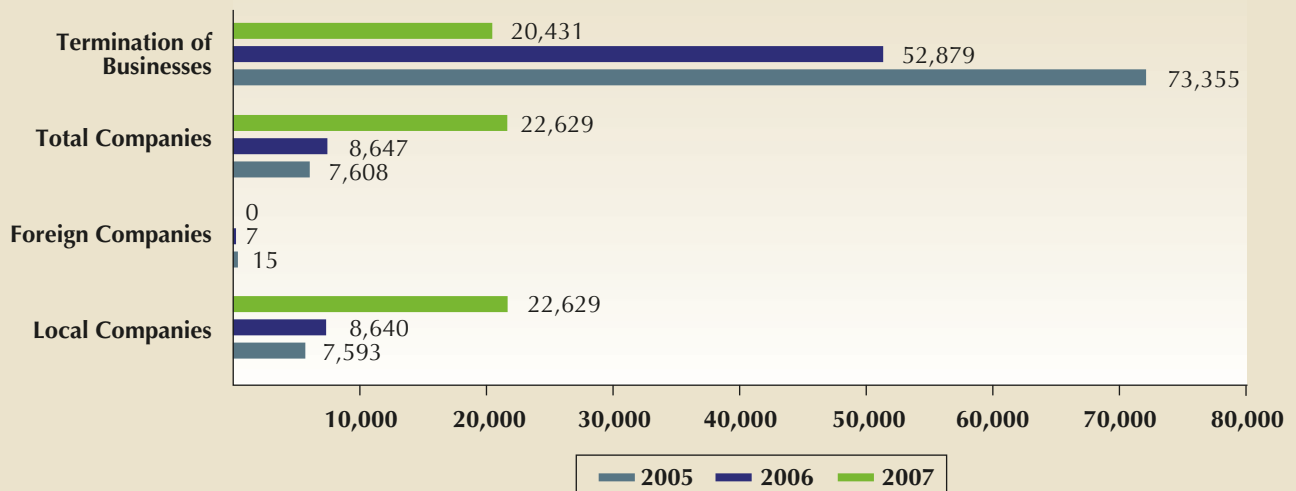
In accordance with Bank Negara Malaysia's report, in FY2007, the wholesale and retail trade sector grew by 12.2 per cent while the finance and insurance, and real estate and business services sector grew by 10.7 per cent and 20.6 per cent respectively. In addition, the construction sector has recorded a positive growth of 4.6 per cent after declining for three consecutive years. The scrapping of the real property gains tax, implementation of the Ninth Malaysian Plan projects and expansion of non-residential and residential sectors had contributed towards the turnaround in the construction sector.



The total number of Interest Schemes registered at 31 December 2007 was 159, with Golf and Recreational Clubs (GR) constituting the majority (44.0 per cent), followed by Recreational Clubs (R) (19.5 per cent) and Time-Sharing schemes (15.1 per cent).

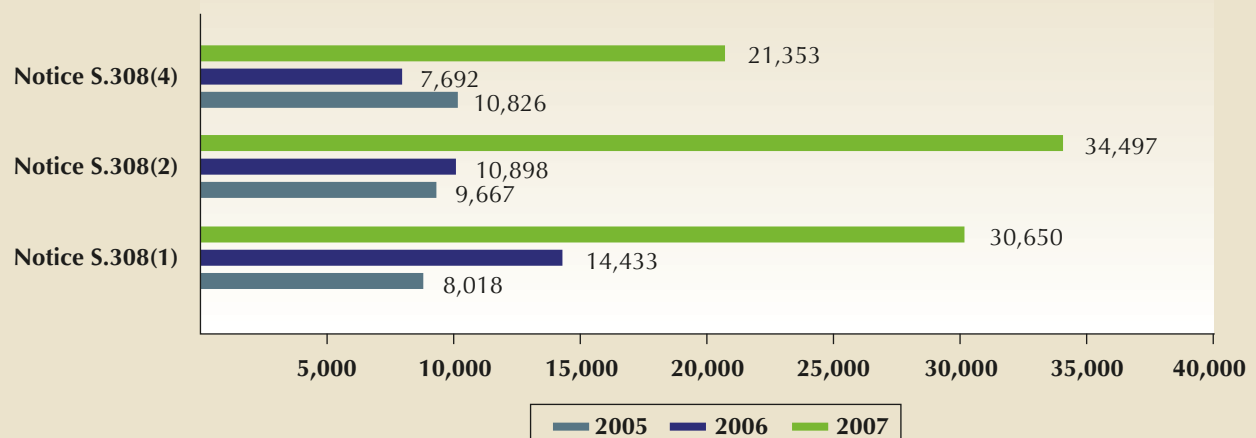
As depicted above, except for the Recreational Clubs and the Golf and Recreational Clubs which show a marginal increase of 6.8 per cent and 2.9 per cent respectively over the last three years, there is no increase in other Interest Schemes. However, the outlook for the Interest Schemes industry in Malaysia is bright, especially Malaysia's potential in golf tourism and time-sharing holiday schemes, in view of the high foreign tourists arrival and robust domestic tourism in 2007 and in the coming years, as well as the rising number of high net worth individuals in the Asia Pacific region.

Dissolution of Companies and Termination of Businesses



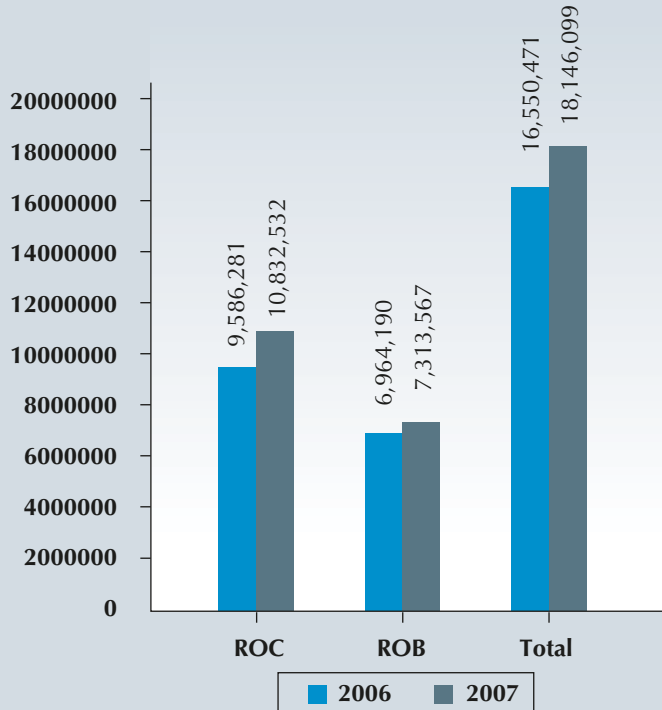
The number of businesses terminated in FY2007 decreased by 61.4 per cent compared with the previous year, while the number of companies dissolved increased significantly by 161.7 per cent. There are three ways in which a company may be liquidated/dissolved under the CA 1965. A company may be liquidated voluntarily by the members, or compulsorily by the court or struck off by the Registrar. The majority of the companies dissolved during the year consisted of dormant companies struck off by the Registrar under Section 308 of the CA 1965.

Dissolution of Companies Under Section 308

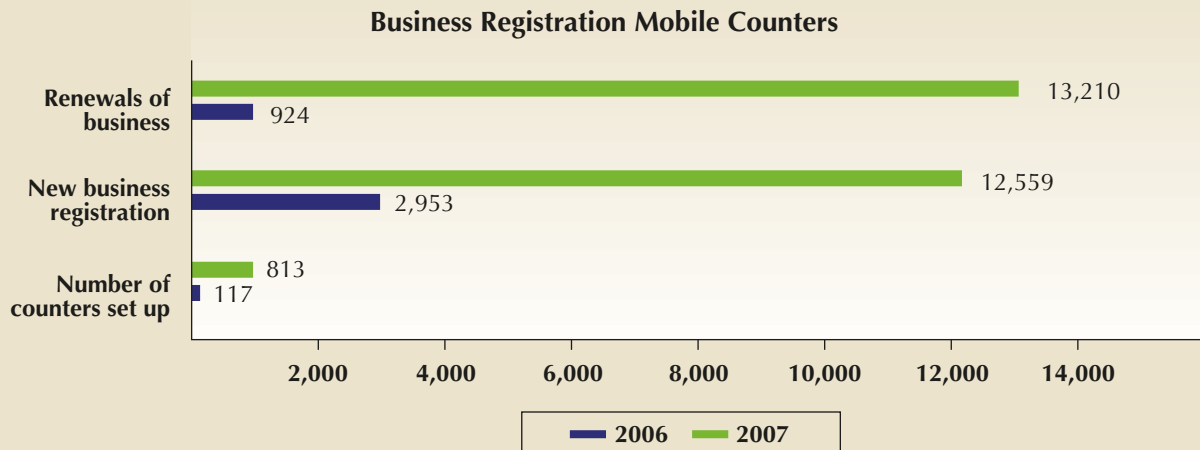


In FY2007, SSM continued to strike off inactive and dormant companies as provided under Section 308 of the CA 1965. The striking off of such companies has resulted in a more meaningful and realistic calculation of the compliance rate for lodgement of annual returns as no annual returns were lodged by these companies. Towards this end, SSM had intensified its efforts and struck off a total of 21,353 companies from its register during the year, representing an increase of 177.6 per cent over the previous year.

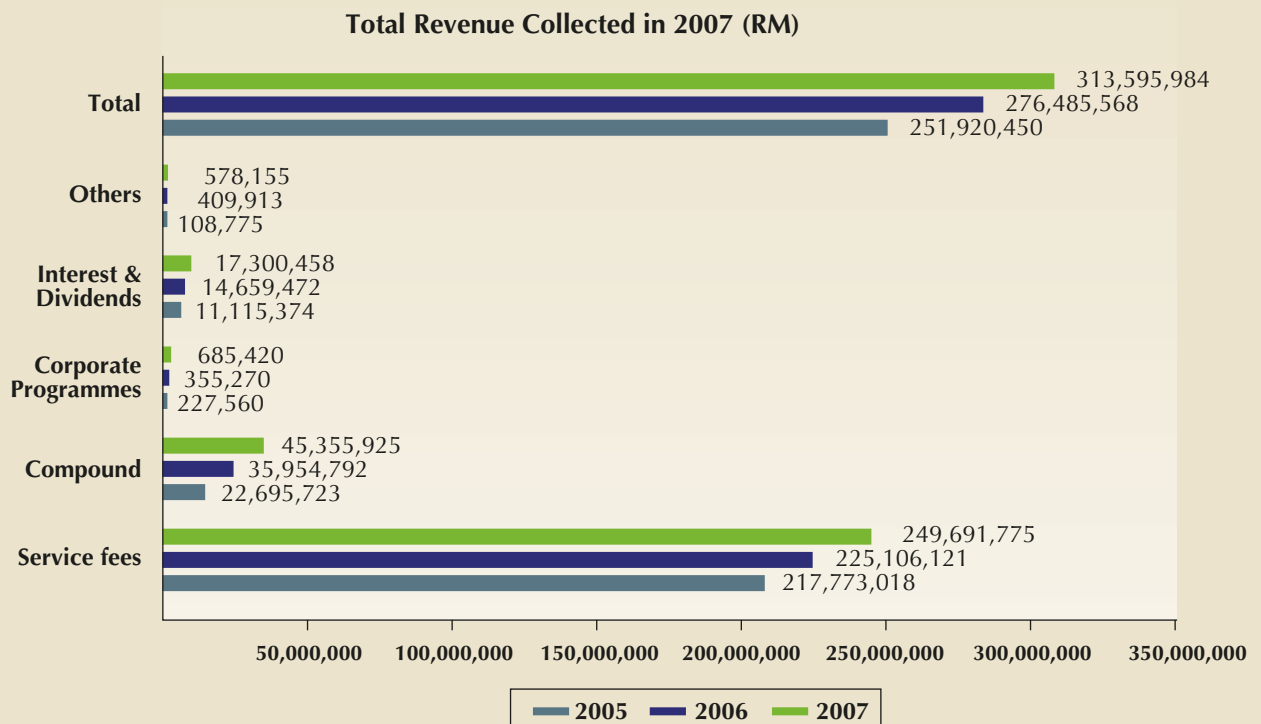
Revenue from Supply of Information (RM)



Revenue from the supply of corporate and business information increased significantly over the year by 13.0 percent and 5.0 per cent respectively. This shows that SSM is increasingly being relied upon to provide information in order to make informed corporate and business decisions. The high compliance rate for the annual returns as well as the timely lodgement of other statutory documents due to the effective enforcement of the CA 1965 and ROBA 1956 has enabled SSM to provide up-to-date and reliable information to the public.

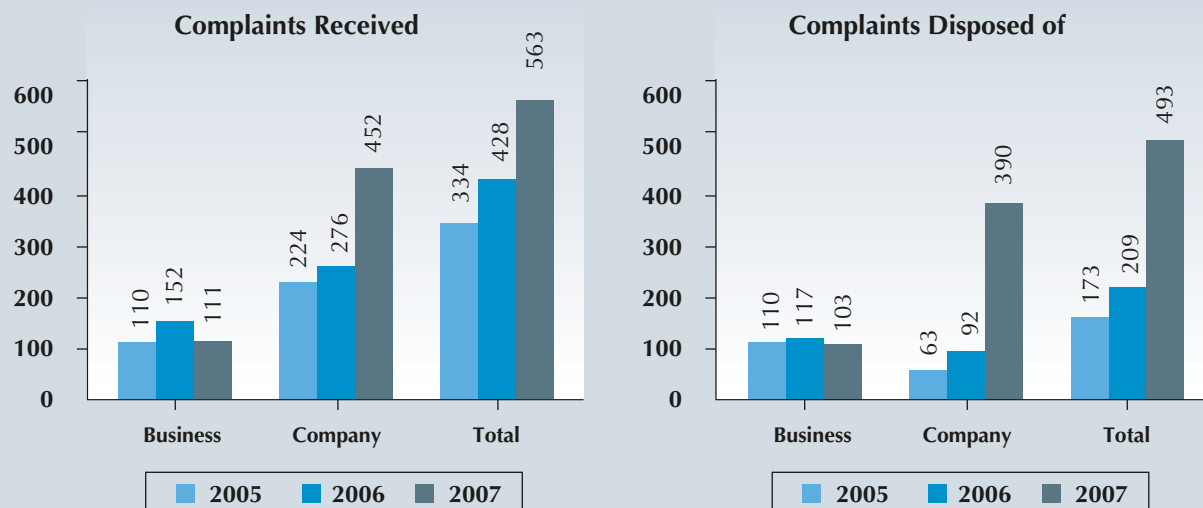


The success of the Business Registration Mobile Counters has been remarkable ever since the programme was launched in September 2005. Due to the overwhelming response from the public, the number of such counters launched nationwide in FY2007 increased by 594.9 per cent over the previous year, with a whopping 325.3 and 1329.6 per cent increase recorded for new registrations and renewal of business registrations respectively.



Total revenue collected in FY2007 increased significantly by RM37.1 million or 13.4 per cent over the previous year, with service income accounting for 78.7 per cent of the total revenue, followed by compounds (14.5 per cent), and interest and dividends (5.5 per cent). The concerted efforts put in by the management and staff in achieving the goals and objectives of SSM has contributed to this achievement. Income from services, compound and investments recorded significant increases of 10.9, 26.1 and 18.0 per cent respectively.

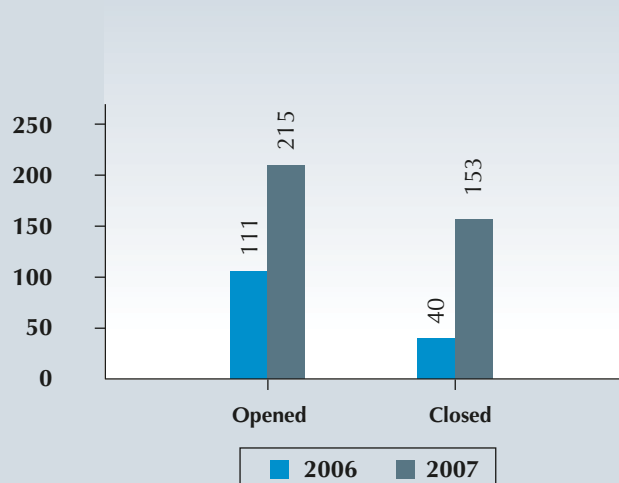
Enforcement Statistics



Complaints in respect of companies rose 63.8 per cent over the previous year, while complaints on businesses declined 27.0 per cent. The significant increase in complaints against companies is attributed to SSM's 'Balanced Enforcement' approach which has created more awareness among minority shareholders of their rights and responsibilities under the CA 1965.

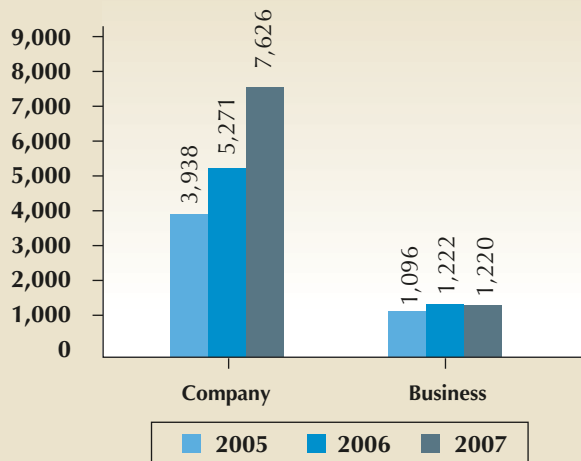
In FY2007, SSM's relentless efforts in tackling complaints received saw a total of 493 complaints on companies and businesses being disposed of, compared to 209 in 2006, representing an increase of 135.9 per cent.

Investigation Papers Opened and Closed

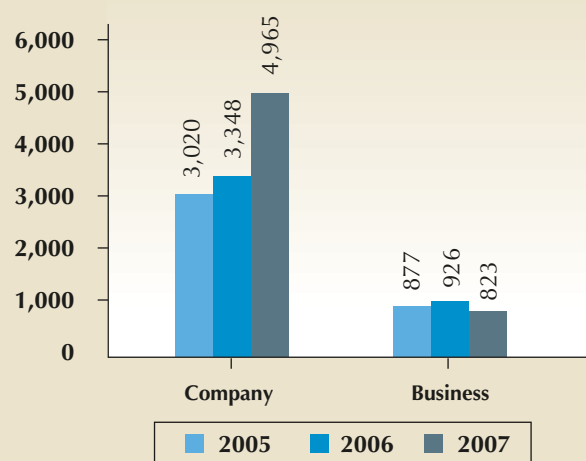


SSM continued with the vigorous enforcement drive in FY2007 and this has resulted in a 93.7 per cent increase in the total number of investigation papers opened compared with the previous year, while those that were closed increased by 282.5 per cent.

Number of Cases Prosecuted



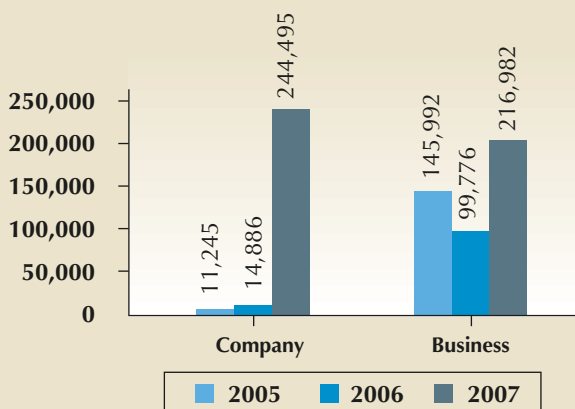
Number of Cases Disposed of



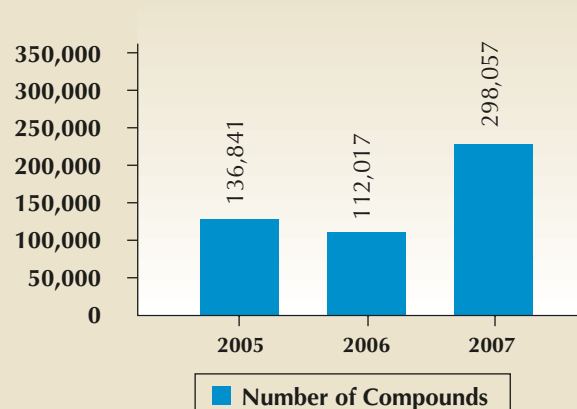
Compared with FY2006, the number of cases prosecuted in FY2007 for offences committed under the CA 1965 increased significantly by 44.7 per cent, while there was a slight decrease of 0.16 per cent for cases prosecuted under ROBA 1956.

The number of cases disposed of in FY2007, in respect of prosecutions conducted under the CA 1965, rose by 48.3 per cent over the previous year, while those disposed of in respect of prosecutions conducted under the ROBA 1956 decreased by 11.1 per cent.

Number of Inspection



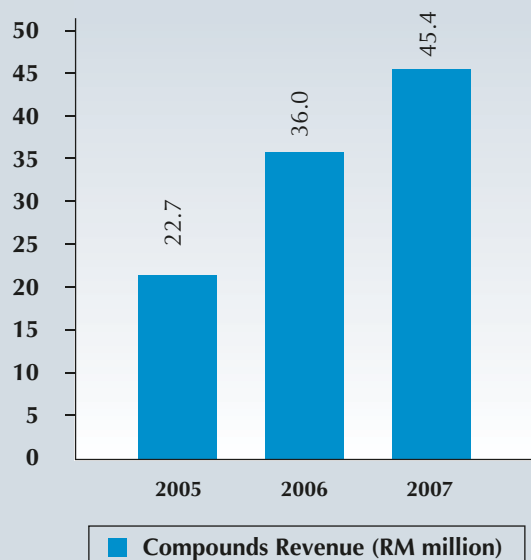
Number of Compounds



The number of inspections carried out on companies and businesses increased by 1,542.4 per cent and 117.5 per cent respectively. The surge in the number of inspections on companies was attributed to the significant number of inspections carried out on SSM's database. The database inspections had managed to detect various breaches involving failure to lodge statutory documents.

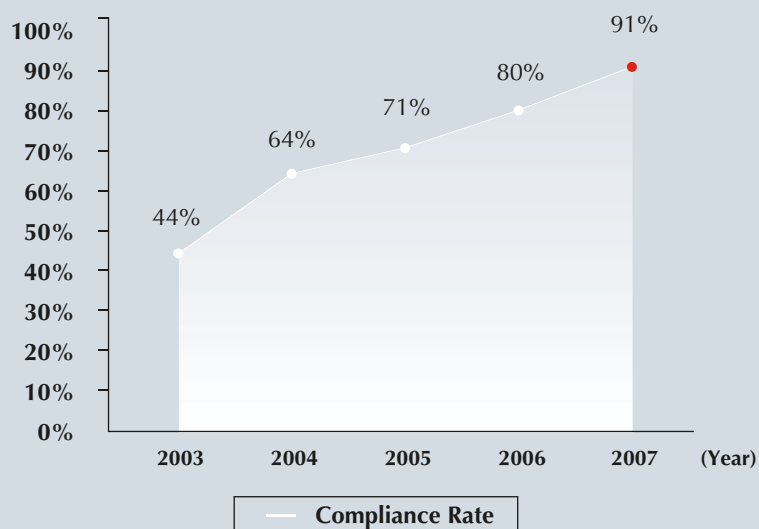
In FY2007, the number of compounds issued for various offences committed under the CA 1965 increased by 166.1 per cent over the previous year, as a result of the continued vigorous enforcement drive carried out during the year. Many of the compounds were issued for failure to lodge statutory documents as a result of the database inspections conducted during the year.

Compounds Revenue (RM million)



In FY2007, total collection from the payment of compound increased by 26.1 per cent to RM45.4 million from RM36.0 million in FY2006. The majority of the compounds were in respect of the failure to lodge statutory documents detected from database inspections conducted during the year. The revenue from compound is expected to decline in the future as companies and businesses adheres better with the requirements of the law.

Compliance Rate



SSM achieved a compliance rate of 91 per cent in terms of the total number of annual returns lodged. This is indeed a significant milestone for SSM as it underlines the success of the various programmes and initiatives undertaken under the *'Balanced Enforcement'* approach in enforcing the CA 1965, particularly in educating the corporate sector on the importance and benefits of complying with the law.

2007 Milestones and Activities



2007 Milestones and Activities



January

1 January 2007

Branch Operations Section (BOS) was established to coordinate state branch operations.

Establishment of SSM's Integrity Section.

12 January 2007

Issuance of new Guidelines to Strike Off the Name of A Company under Section 308(1) and 308(3) Companies Act 1965 (CA 1965).

February

8 February 2007

The English version of SSM's website was launched.

March

1 March 2007

Appointment of Dato' Mohd Zain Mohd Dom as the SSM's new Chairman.

6 March 2007

Introduction of SSM's new Client Charter.

15 March 2007

SSM Annual Dialogue (Peninsular leg) was held in Kuala Lumpur.

April	
1 April 2007	Establishment of SSM's Training Academy.
15 April 2007	The gazetting of Registration of Businesses (Amendment) Rules 2007.
	The gazetting of Registration of Businesses (Electronic Filing Forms) Order 2007.
16 April 2007	Appointment of Encik Idris Abdullah as Commission Member.
16-20 April 2007	The Corporate Registers Forum 2007 was jointly organised by SSM with the Accounting and Corporate Regulatory Authority (ACRA) Singapore, in Kuala Lumpur and Singapore.
May	
21 May 2007	Introduction of the Business e-Lodgement service.
June	
30 June 2007	Upgrading of the CBS ROC system.
July	
1 July 2007	Resource Centre came under the purview of SSM Training Academy.
7 July 2007	Launching of "Guidelines of Doing Business in Malaysia".
17 July 2007	Presentation of Interim Final Report by the Corporate Law Reform Committee (CLRC) to Commission Members.
20 July 2007	SSM conducted its inaugural Seminar on the Latest Updates of the CA 1965 in Kuala Lumpur.
27 July 2007	The Companies (Amendment) Act 2007 (Act 1299) received Royal Assent and was subsequently gazetted on 31 July 2007. Minister prescribed 15 August 2007 as the date for the implementation of these amendments.
30 July 2007	SSM conducted Seminar on the Latest Updates of the CA 1965 in Kuching, Sarawak.
31 July 2007	SSM conducted Seminar on the Latest Updates of the CA 1965 in Kota Kinabalu, Sabah.

<h2>August</h2> <p>2 August 2007</p> <p>9 August 2007</p> <p>20 August 2007</p> <p>24 August 2007</p>	<p>SSM Annual Dialogue (Southern leg) was held in Johor Bahru.</p> <p>Seminar on the Latest Updates of the CA 1965 in Seberang Prai, Penang.</p> <p>Seminar on the Latest Updates of the CA 1965 in Kuala Lumpur.</p> <p>Seminar on the Latest Updates of the CA 1965 in Johor Bahru.</p>
<h2>September</h2> <p>14 September 2007</p>	<p>Relocation of Payment counters for Charge Documents from the 13th floor to the 12th floor.</p>
<h2>October</h2> <p>10 October 2007</p>	<p>Completion of SSM's ICT Helpdesk Centre.</p>
<h2>November</h2> <p>15 November 2007</p> <p>26 November 2007</p> <p>27 November 2007</p>	<p>The gazetting of the Companies (Electronic Filing) Order 2007.</p> <p>The launching of Business e-Lodgement and Company e-Lodgement.</p> <p>SSM Annual Dialogue (East Malaysia leg) in Kuching, Sarawak.</p> <p>SSM Annual Dialogue (East Malaysia leg) in Kota Kinabalu, Sabah.</p>
<h2>December</h2> <p>4 – 27 December 2007</p> <p>10 December 2007</p>	<p>Pilot run of the Mobile Enforcement System.</p> <p>Roll out of Stage two of the Company e-Lodgement.</p>

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Moving Forward





Moving Forward

“ KEY EMPLOYEE RETENTION IS CRITICAL TO THE LONG TERM HEALTH AND SUCCESS OF SSM. RETAINING THE BEST EMPLOYEES ENSURE CUSTOMER SATISFACTION, SATISFIED CO-WORKERS AND REPORTING STAFF, EFFECTIVE SUCCESSION PLANNING AND DEEPLY EMBEDDED ORGANISATIONAL KNOWLEDGE AND LEARNING ”

SSM is truly excited at the developments recorded in FY2007 and is looking forward to greater kick-offs in FY2008. In this regard, SSM has identified and formulated Seven Strategic Thrusts to further propel the organisation to greater heights.

SSM is projecting to roll out the full spectrum for Company e-Lodgement in the first quarter of 2008, and it will be launched by the Minister of Domestic Trade and Consumer Affairs. The full spectrum of company e-Lodgement will feature the following services:

- Request for availability of name;
- Application for incorporation of local company;
- First submission after incorporation;
- Application for company secretary's licence;
- Application for renewal of company secretary's licence;
- Application for change of company name;
- Lodgement of annual returns for company with share capital and exempt private company certificate;
- Lodgement of annual returns for company with share capital and accounts;

- Lodgement of notice of situation of registered office and office hours and particulars of changes;
- Lodgement of notice of place where register of members and index are kept, or of change of that place;
- Lodgement of return giving particulars in register of directors, managers and secretaries and changes of particulars; and
- Lodgement of allotment of shares.

In addition, continuous research and development will be carried out on the various aspects of e-Lodgement such as its security features, system enhancement, automation and others.

SSM will also introduce new products and services such as the tendering of company registration numbers, which is similar to the tendering of vehicle registration numbers. Those eager to have unique incorporation or registration numbers for their companies and businesses can look forward to this when such service is available in 2008.

SSM's e-Info will be expanded to mobile phone users to enable the procurement and viewing of corporate information through mobile phones.

A Knowledge Management Policy is also being developed. Knowledge management seeks to understand the way in which knowledge is created, used and shared within an organisation. An objective of mainstream knowledge management is to ensure that the right information is delivered to the right person just in time, in order to make the most timely and appropriate decision. In that sense, knowledge management is not in managing knowledge per se, but to relate knowledge and its usage. At SSM, we have a wealth of information in our systems that can help the Government plan the years ahead for Malaysia and its citizens.

An international conference that will highlight the role of SSM as a corporate regulator into different dimensions is planned for FY2008. SSM will also play a more proactive role together with other Government agencies in attracting investors and promoting Malaysia as the preferred destination to do business.

In FY2008, SSM will be embarking on the implementation of the ICT Strategic Plan (ISP), which will see the revamp of SSM's ICT framework. The ISP is a holistic ICT master plan, to be developed in the next three to five years to enable SSM's ICT infrastructure to cope with future functional challenges and meet stakeholders' expectations.

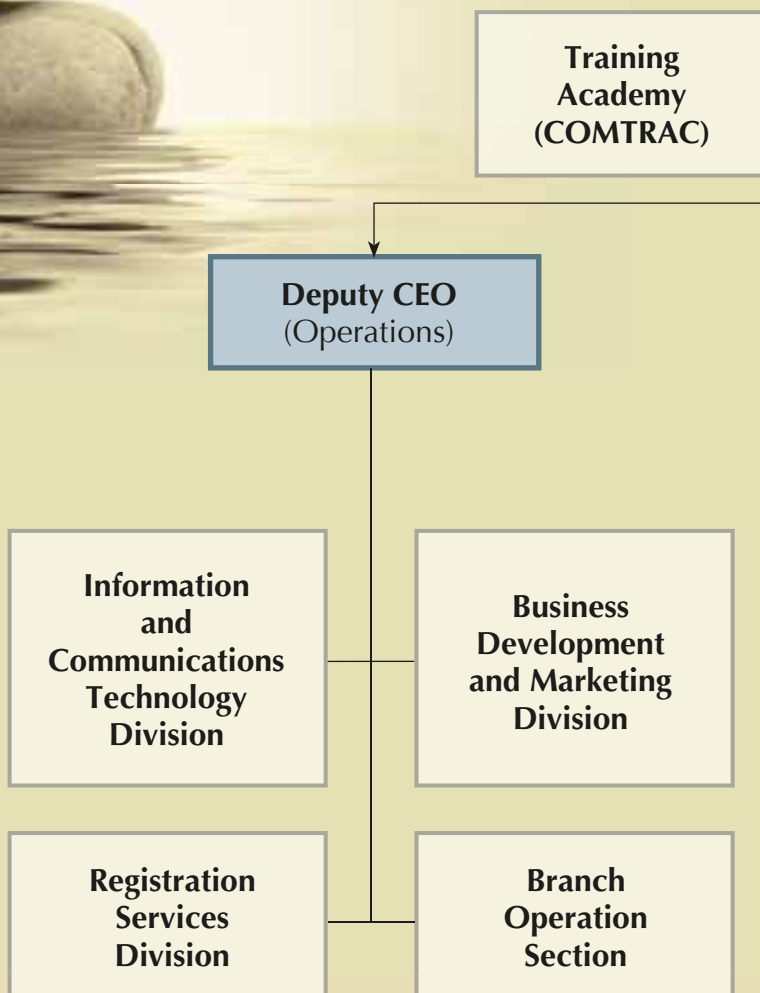
On the business front, the landscape is expected to experience various changes as well. FY2008 will witness the commencement of the Companies Act 1965 reform project. A new legal framework for an alternative business vehicle is also currently being developed to cater for the needs of the business community.

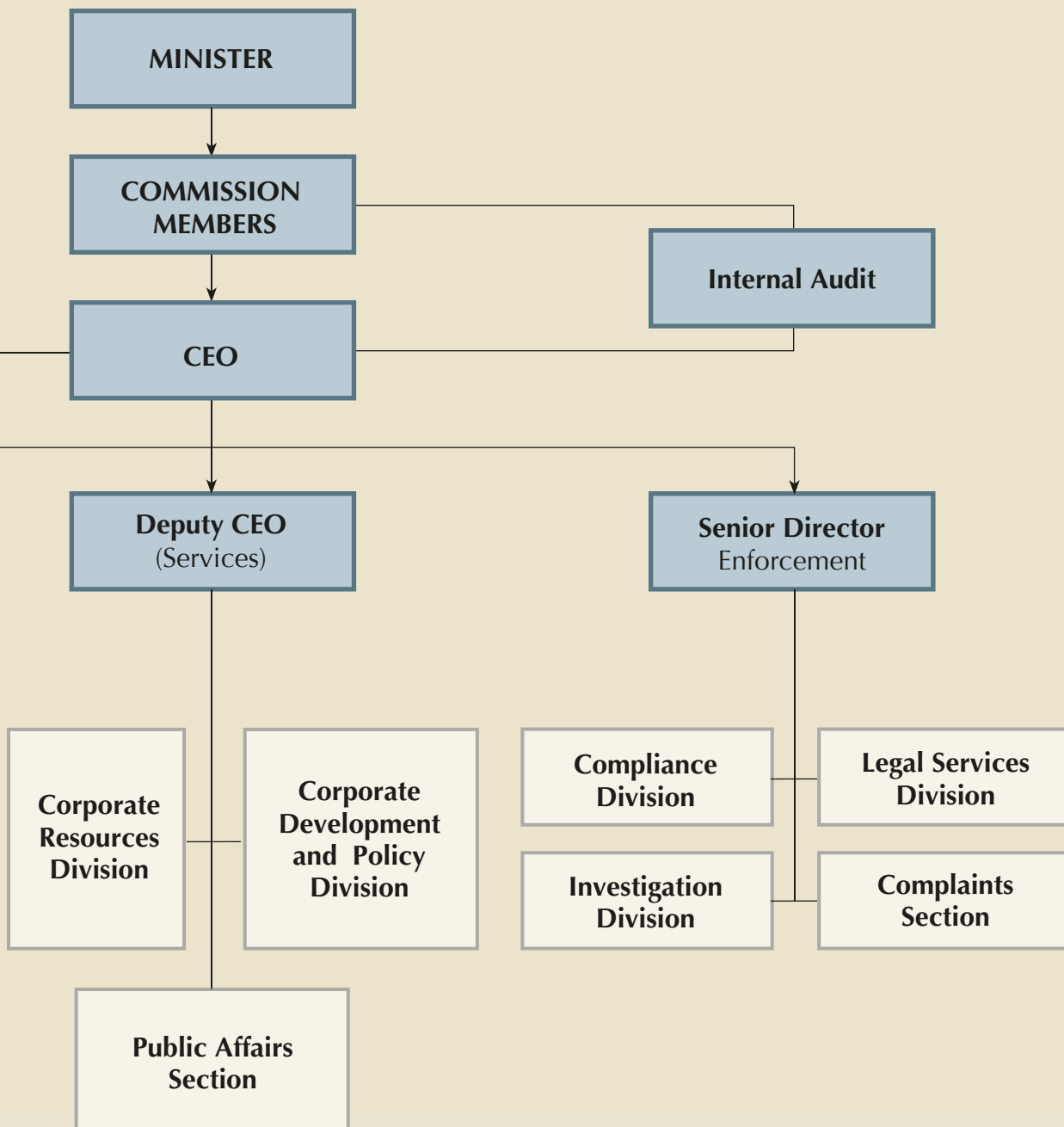
With the support of its enthusiastic and motivated staff, SSM is confident that it will be able to deliver another year of excellent KPIs for the national, economic and social prosperity of Malaysia.

SSM Organisational Chart



SSM Organisational Chart





SSM Committees

The Commission Members have established various committees towards facilitating the administration of SSM. These committees were formed pursuant to subsection 19(1) of the Companies Commission Act 2001. The committees established are as follows:

Audit Committee

1. Siti Halimah Ismail (Chairperson)
2. Idris Abdullah
3. Dato' Idrus Harun

Investment Committee

1. Zaiton Mohd Hassan (Chairperson)
2. Dato' Mohd Zain Mohd Dom
3. Abdul Karim Abdul Jalil
4. Zahrah Abd Wahab Fenner

Procurement Committee B

1. Abdul Karim Abdul Jalil (Chairperson)
2. Zahrah Abd Wahab Fenner
3. Khoo Beng Chit
4. Mohamed Zanyuin Ismail
5. Amir Ahmad
6. Ahmad Shatar Azizan
7. Muhammad Faris Othman

Recruitment Committee I

1. Abdul Karim Abdul Jalil (Chairperson)
2. Dato' Idrus Harun
3. Hj Abdilllah Hj Abdul Hamid

Recruitment Committee II

1. Abdul Karim Abdul Jalil (Chairperson)
2. Zahrah Abd Wahab Fenner
3. Khoo Beng Chit

Disciplinary Committee I

1. Dato' Mohd Zain Mohd Dom (Chairperson)
2. Hj Abdilllah Hj Abdul Hamid
3. Dato' Idrus Harun

Disciplinary Committee II

1. Dato' Mohd Zain Mohd Dom (Chairperson)
2. Hj Abdilllah Hj Abdul Hamid
3. Dato' Idrus Harun

Disciplinary Committee III

1. Abdul Karim Abdul Jalil (Chairperson)
2. Hj Mohammad Nor Hj Abdul Aziz
3. Dato' Idrus Harun
4. Hj Abdilllah Hj Abdul Hamid

Disciplinary Committee IV

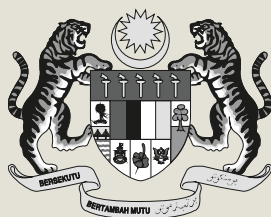
1. Abdul Karim Abdul Jalil (Chairperson)
2. Hj Mohammad Nor Hj Abdul Aziz
3. Reihana Abd Razak
4. Dato' Idrus Harun
5. Hj Abdilllah Hj Abdul Hamid

Disciplinary Committee V

1. Zahrah Abd Wahab Fenner (Chairperson)
2. Normah Sheikh Abdullah
3. Reihana Abd Razak
4. Dato' Idrus Harun
5. Hj Abdilllah Hj Abdul Hamid

Financial Statements





CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
COMPANIES COMMISSION OF MALAYSIA
FOR THE YEAR ENDED 31 DECEMBER 2007

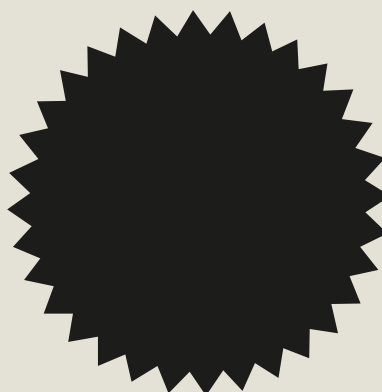
The financial statements of Companies Commission of Malaysia for the year ended 31 December 2007 have been audited by my representative. These financial statements are the responsibility of the management. My responsibility is to audit and to express an opinion on these financial statements.

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

3. In my opinion, the financial statements give a true and fair view of the state of financial affairs of the Companies Commission of Malaysia as at 31 December 2007 and of the results of its operations and its cash flow for the year based on the approved accounting standards.

(HJH ZAINUN BINTI TAIB)
for AUDITOR GENERAL OF
MALAYSIA

PUTRAJAYA
9th APRIL 2008



Statement by Chairman and A Member

of the Companies Commission of Malaysia

We, **DATO' MOHD ZAIN BIN MOHD DOM** and **ABDUL KARIM BIN ABDUL JALIL**, 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 2007 and of the results of its operations and of its cash flows for the year ended on that date.

On behalf of the Commission,

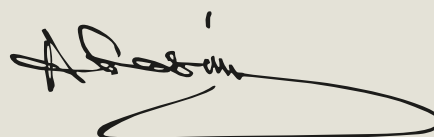


DATO' MOHD ZAIN BIN MOHD DOM

Chairman

Dated : 7 April 2008
Kuala Lumpur

On behalf of the Commission,



ABDUL KARIM BIN ABDUL JALIL

Member of the Commission

Dated : 7 April 2008
Kuala Lumpur

Statutory Declaration

by the Officer Primarily Responsible for the Financial Management of the Companies Commission of Malaysia

I, **ZAHRAH BT ABD. WAHAB FENNER**, being the officer primarily responsible for the accounting records and financial management of the Commission 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
25 January 2008

}



Before me,

COMMISSIONER FOR OATHS



LOT 242, TKT. 2, THE MALL
100, JALAN PUTERA,
50350 KUALA LUMPUR.

Balance Sheet

as at 31 December 2007

	Note	2007 RM	2006 RM
Non Current Assets			
Property, fittings and equipment	3	25,103,783	25,735,320
Long term investments	4	30,009,974	25,022,100
Work in progress	5	57,688,816	21,516,337
Staff financing	6	11,300,646	9,102,044
		124,103,219	81,375,801
Current Assets			
Trade debtors	7	18,572	141,974
Other debtors, deposits and prepayments	8	7,075,500	6,863,768
Staff financing	6	1,147,422	985,738
Short term investments	9	112,755,510	63,484,341
Cash and cash equivalents	10	290,166,142	313,034,168
		411,163,146	384,509,989
TOTAL ASSETS		535,266,365	465,885,790
EQUITY AND LIABILITIES			
Equity			
Capital grants	11	46,992,895	47,411,837
Retained earnings		268,768,846	209,712,340
Staff financing funds	12	56,000,000	56,000,000
		371,761,741	313,124,177
Non Current Liabilities			
Provision for employee benefits	13	791,003	923,538
		791,003	923,538
Current Liabilities			
Federal Consolidated Fund	14	156,797,992	138,242,784
Other creditors	15	4,830,884	5,886,436
Short term project creditors	16	1,084,745	1,312,855
Taxation	21	-	6,396,000
		162,713,621	151,838,075
Total Liabilities		163,504,624	152,761,613
TOTAL EQUITY AND LIABILITIES		535,266,365	465,885,790

Notes on pages 147 to 165 form an integral part of these financial statements.

Income Statement

for the Year Ended 31 December 2007

	Note	2007 RM	2006 RM
Income	17	313,595,984	276,485,568
Federal Consolidated Fund	14	(156,797,992)	(138,242,784)
		156,797,992	138,242,784
Operating Expenses			
Staff costs	18	(55,483,826)	(47,804,685)
Administration expenses	19	(34,626,438)	(33,092,000)
Depreciation	3	(14,446,164)	(6,715,039)
Amortisation of vested benefits		418,942	1,487,595
Surplus before taxation	20	52,660,506	52,118,655
Taxation	21	6,396,000	(2,102,000)
Net surplus for the year		59,056,506	50,016,655

Notes on pages 147 to 165 form an integral part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2007

	← Capital Grants →		Accumulated Surplus RM	Staff Financing Funds RM	Total RM
	Launching Grant RM	Vested Benefits RM			
Balance as at 1 January 2006	43,600,000	5,299,432	169,695,685	46,000,000	264,595,117
<u>Net gains not recognised in the income statement</u>					
Amortisation of vested benefits	-	(1,487,595)	-	-	(1,487,595)
	-	(1,487,595)	-	-	(1,487,595)
Surplus for the year	-	-	50,016,655	-	50,016,655
Transfer of accumulated surplus to financing funds	-	-	(10,000,000)	10,000,000	-
Balance as at 31 December 2006 / 1 January 2007	43,600,000	3,811,837	209,712,340	56,000,000	313,124,177
<u>Net surplus not recognised in income statement</u>					
Amortisation of vested benefits	-	(418,942)	-	-	(418,942)
	-	(418,942)	-	-	(418,942)
Surplus for the year	-	-	59,056,506	-	59,056,506
Balance as at 31 December 2007	43,600,000	3,392,895	268,768,846	56,000,000	371,761,741

Notes on pages 147 to 165 form an integral part of these financial statements.

Cash Flow Statement

for the Year Ended 31 December 2007

	2007 RM	2006 RM
<u>Operating activities</u>		
Surplus before taxation	52,660,506	52,118,655
Adjustments for:		
Depreciation	14,446,164	6,715,039
Amortisation of vested benefits	(418,942)	(1,487,595)
Amortisation on long term investments	8,426	-
Profit on disposal of property, fittings and equipment	(151,919)	(52,843)
Profit and dividend from investment income	(17,310,149)	(14,659,472)
Operating profit before changes in working capital	49,234,086	42,633,784
Decrease/(Increase) in trade debtors	123,402	(17,034)
Increase in other debtors, deposits and prepayments	(211,732)	(772,660)
Increase in Federal Consolidated Fund	18,555,208	12,282,558
Decrease in other creditors	(1,055,552)	(2,005,753)
(Decrease)/Increase in work in progress creditors	(228,110)	977,010
Decrease in provision for employee benefits	(132,535)	(164,320)
Net cash generated from operating activities	66,284,767	52,933,585
<u>Cash flow from investing activities</u>		
Acquisition of property, fittings and equipment	(13,837,336)	(9,329,130)
Proceeds from disposal of property, fittings and equipment	174,628	52,850
Work in progress	(36,172,479)	(19,360,743)
Placements in short term investments	(49,271,169)	2,439,931
Placements in long term investments	(4,996,300)	(25,022,100)
Profit and dividend received	17,310,149	14,659,472
Staff financing	(3,276,632)	(3,573,158)
Repayment received from staff financing	916,346	822,903
Net cash used in investing activities	(89,152,793)	(39,309,975)
Net (decrease)/increase in cash and cash equivalents	(22,868,026)	13,623,610
Cash and cash equivalents at beginning of year	313,034,168	299,410,558
Cash and cash equivalents at end of year	290,166,142	313,034,168
<u>Cash and cash equivalents</u>		
Cash and bank balances	29,961,262	18,227,028
Placements with banks and financial institutions	260,204,880	294,807,140
	290,166,142	313,034,168

Notes on pages 147 to 165 form an integral part of these financial statements.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

1) PRINCIPAL ACTIVITIES

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

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

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the SSM to all previous years presented in these financial statements, unless otherwise stated.

a) Basis of Preparation

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods 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 SSM. 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 recognised in the balance sheet upon the vesting date.

The non-monetary vested assets are amortised over their remaining useful lives. The benefit is stated as amortisation benefit in the statement of changes in equity.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, Fittings and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to SSM and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Property, fittings and equipment are depreciated on the straightline basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

	%
Building	2
Motor Vehicles	20
Furniture and Fixtures	20
Computer and Peripherals	20-33 ¹ / ₃
Office Equipment	20
Renovation	20

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

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

At each reporting date, SSM 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. See accounting policy Note 2(d) on impairment of assets.

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

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognised immediately as an expense in the income statement.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the assets that would have been determined (net of amortisation and depreciation) if no impairment loss had been previously recognised for the asset. All reversals are recognised 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) Work In Progress

Work in progress is capitalised as property, fittings and equipment after the certificate of completion or certificate of acceptance is received by SSM.

g) Staff Financing

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

h) Trade Debtors

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

i) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term and highly liquid investments with original maturity period of three months or less.

j) Government Grants

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

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

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Government Grants (continued)

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

k) Employee Benefits

Short Term Employee Benefits

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

Defined Contribution Plans

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

Long Term Employee Benefits

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

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

- i. Cash rewards in lieu of annual leave; and
- ii. Gratuity paid to contractual services upon completion of services.

The computation of cash in lieu of annual leave payable to retirees as well as gratuity payment to contract staff that has 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 SSM. Current salary rate is used to compute these liabilities.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Contributions to Federal Consolidated Fund

Contributions to the Federal Consolidated Fund represents 50 per cent of the total revenue received as stipulated under Section 35(1) of the CCMA 2001.

The computation of contributions payable to the government is based on total gross income received during the period less any doubtful debts. These contributions are accruing in the year where income is recognised.

m) Other Creditors

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

n) Taxation

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

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

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

o) Provisions

Provisions are recognised when SSM 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 SSM expects a provision to be reimbursed (for example under the insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement can be ascertained. Provisions are not recognised for future operating losses.

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

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Provisions (continued)

Provisions are measured at 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 recognised as interest expense.

p) Income Recognition

Income comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of SSM's activities.

SSM recognised 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 SSM and that specific criteria have been met for each of the SSM's activities as described below:

i) *Services Income*

Services income comprise the collection of fees related to registration of companies and businesses and supply of corporate information as prescribed under the CA 1965 and the ROBA 1956 respectively. These incomes are recognised upon completion of services rendered.

ii) *Compound*

Compounds are recognised upon payment received as each compound issued is only an offer with a payment period as determined by the Registrar. Compounds which are not being settled after the expiry of the payment period will be followed by prosecution in accordance with the provisions of the CA 1965 and ROBA 1956.

However, fines imposed by the Court following prosecution actions will deemed to be revenue of the Government and not the SSM's.

iii) *Corporate Training Programs*

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

iv) *Interest, Dividends and Profit Income*

Interest, dividends and profit income are recognised 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 SSM.

q) Financial Instruments

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

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Financial Instruments (continued)

A financial asset is any asset 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 recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each financial instruments.

3) PROPERTY, FITTINGS AND EQUIPMENT

	Furniture and Fittings RM	Office Equipment RM	Computer Hardwares and Softwares RM	Motor Vehicles RM	Renovation RM	Total RM
Cost						
At 1 January 2007	2,521,515	2,593,607	29,196,335	6,744,070	15,341,074	56,396,601
Additions	1,774,598	533,003	10,865,721	260,564	403,450	13,837,336
Disposals	-	(282)	(25,689)	(515,256)	-	((541,227))
At 31 December 2007	<u>4,296,113</u>	<u>3,126,328</u>	<u>40,036,367</u>	<u>6,489,378</u>	<u>15,744,524</u>	<u>69,692,710</u>
Accumulated Depreciation						
At 1 January 2007	1,173,495	633,568	19,162,170	2,090,470	7,601,578	30,661,281
Depreciation for the year	699,133	580,285	8,747,230	1,300,751	3,118,765	14,446,164
Disposals	-	-	(13,619)	(504,899)	-	(518,518)
At 31 December 2007	<u>1,872,628</u>	<u>1,213,853</u>	<u>27,895,781</u>	<u>2,886,322</u>	<u>10,720,343</u>	<u>44,588,927</u>
Net Book Value						
At 31 December 2007	<u>2,423,485</u>	<u>1,912,475</u>	<u>12,140,586</u>	<u>3,603,056</u>	<u>5,024,181</u>	<u>25,103,783</u>
At 31 December 2006	<u>1,348,020</u>	<u>1,960,039</u>	<u>10,034,165</u>	<u>4,653,600</u>	<u>7,739,496</u>	<u>25,735,320</u>
Depreciation charge for the year ended 31 December 2006	<u>452,674</u>	<u>382,060</u>	<u>2,125,330</u>	<u>880,487</u>	<u>2,874,488</u>	<u>6,715,039</u>

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

3) PROPERTY, FITTINGS AND EQUIPMENT (continued)

Assets for the Migration Project were vested in SSM by way of a Novation Agreement dated 23 April 2004. This equipment is stated at fair value on the vesting date and has a remaining useful life of two years.

Impairment is measured by comparing the asset carrying value with its recoverable amount. There was a delay in the roll out and the technology involved is not the state of the art resulting in impairment estimated at RM 3,150,981 compared to cost of development of the system. The impairment loss is recognised immediately as expenditure in the income statement.

4) LONG TERM INVESTMENTS

Long term investments comprise placements in Government Investment Issue which generates 3.9 per cent and 4.6 per cent coupon rate for tenure of three and five years respectively, less amortisation of premium.

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

	2007 RM	2006 RM
More than one year and up to five years	30,009,974	25,022,100
	<u>30,009,974</u>	<u>25,022,100</u>

5) WORK IN PROGRESS

	2007 RM	2006 RM
Balance as at 1 January	21,516,337	11,608,536
Additional work in progress during the financial year	46,779,701	19,398,957
Capitalisation to property, fittings and equipment	(10,607,222)	(9,491,156)
Balance as at 31 December	<u>57,688,816</u>	<u>21,516,337</u>

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

	2007 RM	2006 RM
Building in progress	57,553,025	14,750,000
Information and communication technology development in progress	135,791	6,766,337
Balance as at 31 December	<u>57,688,816</u>	<u>21,516,337</u>

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

5) WORK IN PROGRESS (continued)

i) Construction of SSM's Office Building

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

As at the reporting date, two progress payments were made to the developer and these payments are classified as work in progress in the current year.

ii) Development of information and communication technology projects

The projects for implementation of integrated financial and human resource management system amounting to RM 3,272,214 and upgrading of IDAMAN system amounting to RM 3,672,781 were fully capitalized in the current year. Capitalization of property, fittings and equipment also includes SSM's new projects amounting to RM 3,662,227 which were awarded and completed in the current year.

6) STAFF FINANCING

Gross investment in financing:

	2007	2006
	RM	RM
Housing financing	12,975,111	9,894,786
Motor vehicle financing	1,538,191	1,678,413
Computer financing	138,217	163,582
	<u>14,651,519</u>	<u>11,736,781</u>
Unearned profits from Islamic financing	(2,203,451)	(1,648,999)
Present value of minimum payments receivable	<u>12,448,068</u>	<u>10,087,782</u>

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

	2007	2006
	RM	RM
<i>Unearned profits from Islamic financing:</i>		
Within one year	1,202,405	1,029,494
More than one year and up to five years	4,874,161	4,313,916
More than five years	8,574,953	6,393,371
	<u>14,651,519</u>	<u>11,736,781</u>

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

6) STAFF FINANCING (continued)

	2007	2006
	RM	RM
<i>Present value of minimum payments receivable:</i>		
Within one year	1,147,422	985,738
More than one year and up to five years	5,006,463	3,756,892
More than five years	6,294,183	5,345,152
	<u>12,448,068</u>	<u>10,087,782</u>

Staff financing relates to Islamic housing, motor vehicle and computer financings approved for the employees of SSM. The motor vehicle and computer financings are repayable over a maximum period of eight years and four years respectively with a profit rate of 4 per cent per annum (2006: 4 per cent per annum). The housing financing is repayable over a maximum period of 25 years with a profit rate of 2 per cent per annum (2006: 2 per cent per annum).

The effective profit rates for these staff financing is between 7 per cent to 9 per cent per annum (2006: 7 per cent to 9 per cent per annum).

7) TRADE DEBTORS

Trade debtors consist of service fees receivable, which include fees from renewal of business registrations made through POS Malaysia, e-Info services made through an appointed agent, e-Lodgement services and fees from Corporate Training Programmes.

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

8) OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2007	2006
	RM	RM
Profit and dividend receivable	5,161,194	5,432,781
Deposit and prepayment	1,712,656	1,331,083
Advance to employees	184,930	81,893
Other receivables	16,720	18,011
	<u>7,075,500</u>	<u>6,863,768</u>

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

9) SHORT TERM INVESTMENTS

	2007 RM	2006 RM
Institutional Trust Account	51,164,735	48,742,205
Islamic Commercial Papers	26,620,495	14,742,136
Negotiable Instrument Debts Certificate	24,970,280	-
Sell Buy Back Agreements	10,000,000	-
	<u>112,755,510</u>	<u>63,484,341</u>

During the current and previous financial years, SSM placed its funds in an Institutional Trust Account maintained by Amanah Raya Berhad, a public company limited by shares incorporated in Malaysia. The gross dividend receivable by SSM is 5 per cent per annum (2006: 5 per cent per annum) and the tenure of the placement is less than one year.

SSM has purchased Islamic Commercial Papers, Negotiable Instrument Debts Certificate and Sell Buy Back Agreement through various licensed financial institutions. The effective profit rate receivable by SSM for these securities ranged from 3.4 per cent to 3.7 per cent per annum (2006: 3.0 per cent to 3.4 per cent per annum) and their tenure is up to 12 months.

10) CASH AND CASH EQUIVALENTS

	2007 RM	2006 RM
Cash and bank balances	29,961,262	18,227,028
Deposits placements with :		
Licensed local banks and financial institutions	260,204,880	243,594,779
Licensed discount houses	-	51,212,361
	<u>290,166,142</u>	<u>313,034,168</u>

The effective profit rate for Al-Mudharabah general investments and Al-Mudharabah special investment with banks and financial institutions ranged from 3.08 per cent to 4.0 per cent per annum (2006: 3.0 per cent to 3.85 per cent per annum).

The tenure of the Al-Mudharabah general investment is 30 days to a year (2006: 30 days to a year), and for the Al-Mudharabah special investment is one night to 90 days (2006: 1 night to 90 days).

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

11) CAPITAL GRANTS

	2007 RM	2006 RM
Launching grants	43,600,000	43,600,000
Vested benefits	13,946,207	13,946,207
Accumulated amortisation	(10,134,370)	(8,646,775)
Amortisation for the year	(418,942)	(1,487,595)
	<u>3,392,895</u>	<u>3,811,837</u>
Balance as at 31 December	<u>46,992,895</u>	<u>47,411,837</u>

Capital grants include initial grant provided by the Government to cover for financial liabilities and capital expenditure of SSM.

Vested benefits at the beginning of the financial year are assets vested in SSM 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 categorised as vested benefits and are stated at fair value.

The amortisation of vested benefits in the current year is taken as the benefits of the usage of the specific property, fittings and equipment which is equivalent to the depreciation of the property, fittings and equipment vested, amounting to RM 418,942 (2006: RM 1,487,595). This amount is stated as amortisation benefits in the statement of changes in equity.

12) STAFF FINANCING FUNDS

	2007 RM	2006 RM
Housing financing fund	50,000,000	50,000,000
Motor vehicle financing fund	5,000,000	5,000,000
Computer financing fund	1,000,000	1,000,000
	<u>56,000,000</u>	<u>56,000,000</u>

SSM has approved the allocation of RM 50.0 million, RM 5.0 million and RM 1.0 million for housing, motor vehicle and computer financing funds for employees of SSM respectively. The financing fund for housing has been allocated from the accumulated surplus on a yearly basis from 2002 to 2006.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

13) PROVISION FOR EMPLOYEE BENEFITS

	2007	2006
	RM	RM
Balance as at 1 January	1,062,227	1,162,400
Payment made to employees in current year	(115,330)	(100,173)
Over provisions for gratuity payments	(97,961)	-
Balance as at 31 December	<u>848,936</u>	<u>1,062,227</u>

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

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

	2007	2006
	RM	RM
Within one year	57,933	138,689
More than one year and up to five years	458,202	547,138
More than five years	332,801	376,400
	<u>848,936</u>	<u>1,062,227</u>

14) FEDERAL CONSOLIDATED FUND

	2007	2006
	RM	RM
Balance as at 1 January	138,242,784	125,960,225
Provision for revenue payable to Federal Consolidated Fund	156,797,992	138,242,784
Payment made during the year to the Federal Consolidated Fund	(138,242,784)	(125,960,225)
Balance as at 31 December	<u>156,797,992</u>	<u>138,242,784</u>

Section 35(1) of the CCMA 2001 provides that SSM pays 50 per cent of its total annual revenue to the Federal Consolidated Fund.

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

15) OTHER CREDITORS

	2007 RM	2006 RM
Payables and accruals	4,145,767	3,811,802
Statutory payables	476,992	1,530,834
Trustee accounts	140,026	91,681
Other creditors	68,099	452,119
	4,830,884	5,886,436
	4,830,884	5,886,436

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

16) SHORT TERM PROJECT CREDITORS

Short term project creditors are costs in respect of the construction of SSM's office building and development of information and communication technology projects which were unpaid as at the reporting date.

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

17) INCOME

	2007 RM	2006 RM
Income from operating activities:		
Service income	249,648,287	225,106,121
Compounds	45,337,410	35,954,792
Corporate Training Programs	712,450	355,270
Other income:		
Profit and dividend	17,310,149	14,659,472
Other income	435,769	357,070
Profit on disposals of property, fittings and equipment	151,919	52,843
	313,595,984	276,485,568
	313,595,984	276,485,568

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

18) STAFF COSTS

	2007	2006
	RM	RM
Salaries	33,680,745	27,780,280
Fixed allowances	3,006,497	2,655,642
Statutory contributions	7,505,324	6,854,156
Overtime allowances	976,576	979,439
Bonus and other benefits	8,324,527	7,751,766
Medical benefits	1,693,264	1,453,300
Members' allowances	122,800	100,250
Subsidies to staff on Government loan	174,093	229,852
	<u>55,483,826</u>	<u>47,804,685</u>

19) ADMINISTRATION EXPENSES

	2007	2006
	RM	RM
Travelling and accommodation	3,063,117	2,520,057
Communication and utilities	2,104,706	1,986,731
Rental	10,764,478	10,453,633
Printing and stationery	5,794,192	4,188,421
Upkeep of equipment	7,450,765	9,009,046
Office maintenance and security	1,034,276	742,599
Professional fees	863,716	595,594
Entertainment and hospitalities	3,212,666	3,468,134
Other administrative costs	338,522	127,785
	<u>34,626,438</u>	<u>33,092,000</u>

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

20) SURPLUS BEFORE TAXATION

	2007	2006
	RM	RM
Surplus for the year before taxation is derived after crediting:		
Profit and dividend	17,310,149	14,659,472
Other income	435,769	357,070
Profit on disposals of property, fittings and equipment	151,919	52,843
And charging:		
Members' allowance	122,800	100,250
Auditors' remuneration	48,400	48,400
Bonus	8,194,527	7,747,166
Depreciation	14,446,164	6,715,039
Amortisation of vested benefit	(418,942)	(1,487,595)

21) TAXATION

The Ministry of Finance on 13 December 2007 granted exemption to the Commission from payment of income tax on all statutory income for a period of ten years from year 2002 until year 2011. Therefore, all provisions for taxation in the previous years were reversed in the current year as follows:

	2007	2006
	RM	RM
Balance as at 1 January	6,396,000	4,294,000
Provision for current year	-	2,102,000
Over provision of taxation	(6,396,000)	-
Balance as at 31 December	-	6,396,000

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

22) CAPITAL COMMITMENTS

	2007	2006
	RM	RM
Capital expenditure commitments :		
Approved and contracted for	90,712,500	147,500,000
Approved but not contracted for	25,280,100	13,500,000
	<u>115,992,600</u>	<u>161,000,000</u>

23) FINANCIAL RISK MANAGEMENT

The Commission's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the financial performance of the Commission. Financial risk management is carried out through risks review, internal control systems, insurance programme and adherence to Commission's financial risk management policies. The Members regularly review these risks and approve the treasury policies, which covers the management of these risks.

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

a) *Liquidity Risk*

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

b) *Cash Flow Risk*

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

c) *Interest Rate Risk*

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

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

23) FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments

Effective interest rates analysis

	Effective Interest Rates per Annum %	Within 1 Year RM	1-5 Years RM	More Than 5 Years RM	Total RM
As at 31 December 2007					
Financial Assets					
Deposits placements:					
Local banks and financial institutions	3.08 - 4.0	290,166,142	-	-	290,166,142
Amanah Raya Berhad	5.0	51,164,735	-	-	51,164,735
Debts securities held to maturity:					
Government Investment Issues	3.0 - 5.0	-	30,009,974	-	30,009,974
Islamic Commercial Papers Negotiable Instrument	3.4 - 3.7	26,620,495	-	-	26,620,495
Debts Certificate	3.4 - 3.7	24,970,280	-	-	24,970,280
Sell Buy Back Agreement	3.4 - 3.7	10,000,000	-	-	10,000,000
Staff financing	7.0 - 9.0	1,147,422	5,006,463	6,294,183	12,448,068
		404,069,074	35,016,437	6,294,183	445,379,694

As at 31 December 2006

Financial Assets

Deposits placements:

Local banks and financial institutions	3.0 - 3.85	313,034,168	-	-	313,034,168
Amanah Raya Berhad	5.0	48,742,205	-	-	48,742,205
Debts securities held to maturity:					
Government Investment Issues	3.0 - 5.0	-	25,022,100	-	25,022,100
Islamic Commercial Papers Negotiable Instrument	3.0 - 3.4	14,742,136	-	-	14,742,136
Debts Certificate	3.0 - 3.4	-	-	-	-
Sell Buy Back Agreement	3.0 - 3.4	-	-	-	-
Staff financing	7.0 - 9.0	985,738	3,756,892	5,345,152	10,087,782
		377,504,247	28,778,992	5,345,152	411,628,391

Notes to the Financial Statements

for the Financial Year Ended 31 December 2007

23) FINANCIAL RISK MANAGEMENT (continued)

d) Fair Values

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

The fair values of the other financial assets carried on the balance sheet date as at 31 December 2007 are shown below:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM	RM	RM	RM
Financial assets				
Long Term Investments	30,009,974	30,454,500	25,022,100	25,487,000
Staff Financing	12,448,067	24,068,139	10,087,782	19,106,693

24) EMPLOYEES

The number of employees of the Commission as at 31 December 2007 was 1,090 inclusive of 33 temporary staff (2006: 1,007 inclusive of 75 temporary staff).

25) APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2007 was duly approved by the Members of the Commission on 24 January 2008.

SSM Presence Nationwide



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