

annual report 2007



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Delivering
Professional
Excellence

Securities Industry
Development Corporation

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Vision

To be recognised internationally as the leading ASEAN training and development provider for capital markets.



SIDC background

SECURITIES INDUSTRY DEVELOPMENT CORPORATION (SIDC), the leading capital markets education, training and information resource provider in ASEAN was incorporated in March 2007. Its objectives are to

1 Create informed investor awareness;

2 Enhance skills of Malaysian capital market intermediaries;

3 Train and develop Malaysian and emerging market regulators;

4 Raise professional standards of directors of public listed companies.

SIDC has been delivering professional excellence for more than ten years. We organise training programmes for Malaysian and foreign regulators, company directors and market professionals, as well as conduct public investor education seminars on wise investing and investors' rights.

We develop and facilitate training both locally and internationally through a range of programmes and activities, including conferences, seminars, and workshops. In collaboration with the Securities Commission Malaysia, we develop examination questions and modules, and conduct licensing examinations as part of the licensing regime for Malaysian capital market intermediaries.

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The launch of an independent standalone SIDC required a new statement of its Mission, Vision and Values, captured in the brand promise “Delivering Professional Excellence”.

Our Mission

To support the Securities Commission and Bursa Malaysia in making the Malaysian capital market the preferred destination for investors by:

1. Educating Malaysian investors so they:
 - Are protected from fraudulent transactions as informed market participants
 - Develop an informed interest in investing based on market and business fundamentals
 - Value good corporate governance and CSR;
2. Developing and training Malaysian capital market intermediaries to meet world class standards;
3. Developing and training emerging market regulators;
4. Training directors of public listed companies.

customer focused

We...

- recognise our customers have choices
- recognise our customer's needs change over time
- provide programmes and services that are fit for purpose



quality focused

We...

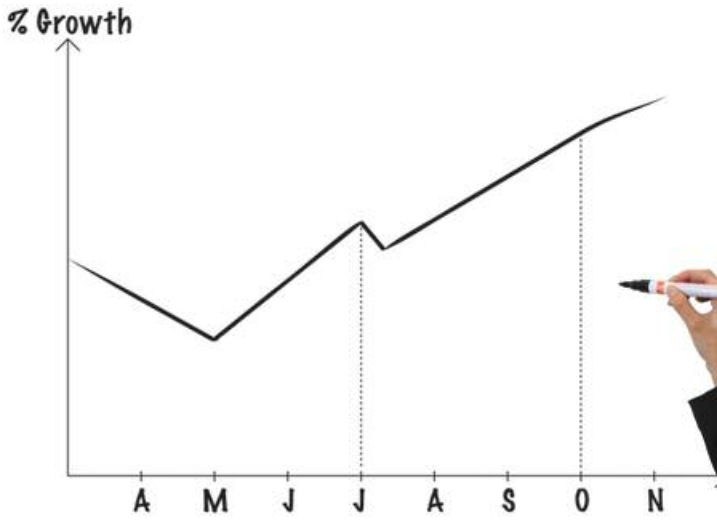
- deliver quality programmes
- have quality processes
- have quality jobs
- recruit and retain quality people
- work with quality partners and suppliers



innovative

We...

- welcome change
- welcome new ideas regardless of their source
- offer innovative programmes
- seek innovation in our ways of working and programmes delivery



performance driven



We...

- are accountable
- reward performance
- seek continuous improvement
- focus on increasing productivity

reliable

We...

- believe that integrity is a threshold criterion
- keep our promises
- meet our deadlines
- deliver a consistent 'on brand' experience
- are transparent







WHY WAS SIDC INCORPORATED?

“SIDC is now ready to take on greater challenges in capacity building, and so contribute to the development of the Malaysian capital market. A corporatised SIDC will seek new business opportunities, be better equipped to cater to local, regional and global demands through a wider range of partners.”

YBhg. Dato’ Zarinah Anwar, 30 July 2007

Perhaps the most important reason for incorporating SIDC was the new-found ability to work with professional organisations as partners and sponsors in the development of new training and education programmes - for example the launch of the annual Institutional Investors Series (IIS) which was co-developed with SIDC and sponsored by Aberdeen Asset Management, BNP Paribas Investment Partners Malaysia and Nomura Asset Management Malaysia.

The move to a standalone business entity allowed SIDC to develop its own brand based on the promise of “Delivering Professional Excellence” - designed to send a clear signal that SIDC would be both customer focused and innovative to ensure the programmes and training developed for its customers are the most up-to-date and relevant in meeting the rapidly changing needs of the capital market.

“Human capital development is essential if we are to achieve the objectives of the Malaysian Capital Market Masterplan”.

YBhg. Dato' Zarinah Anwar

Chairman

Securities Industry Development Corporation



I am delighted to present the first Annual Report of the Securities Industry Development Corporation (SIDC), which charts the progress of SIDC in the nine months since its corporatisation in March 2007.

The Capital Market Masterplan foresaw the need to upgrade the quality and skills of the people who are so vital to creating a vibrant market. The pace of globalisation and rapid technological change has accelerated since the turn of the millennium, and nowhere has this acceleration been more pronounced than in the capital markets since the Masterplan was first drawn up.

The Securities Commission recognised the need to develop talent for the capital markets as early as 1994 when the Securities Industry Development Centre was set up to train and develop licensed intermediaries and to ensure that investors were educated in their rights as well as the risks they faced when investing their hard-won earnings.

Since its inception, the Securities Industry Development Centre has jointly run programmes with IOSCO, the World Bank, the Asian Development Bank, the Islamic Development Bank, the OECD, and APEC involving 18 countries and 650 participants. These programmes have included technical

assistance programmes in Vietnam for capital markets and bond markets training; and in Cambodia and Indonesia for training and examinations. In addition, since 2001, the Centre has administered and accredited the Continuing Professional Education (CPE) programme with almost 50,000 participants attending the 2,000 CPE courses. Since 2003, the Centre has run the Capital Markets Graduate Training Scheme (CMGTS) helping more than 500 graduates enter the capital market.

During that time, the Securities Industry Development Centre successfully built up international brand recognition, which was to prove a solid foundation for the corporatisation and launch of the Securities Industry Development Corporation (SIDC) in 2007.

2007 saw SIDC organise a highly successful Islamic Markets Programme (IMP) which had 40 delegates from 8 countries, as well as the flagship Emerging Markets Programme with 46 participants from 29 countries. Both programmes are supported by the Economic Planning Unit's Malaysian Technical Cooperation Programme (MTCP). SIDC also successfully launched the Industry Transformation Initiative (ITI), designed to upgrade the technical and interpersonal skills of capital market licensed intermediaries and the Institutional Investors Series (IIS), designed to help institutional investors keep abreast of latest thinking, products and trends.

In accordance with the Securities Commission's Blueprint for Investor Education that aims to create more knowledgeable and vigilant investors in the capital market, SIDC educated investors on financial planning, smart investing, investors' rights and responsibilities and how to be wary of investment scams, reaching out to more than 10,000 investors through financial literacy programmes such as the "Secrets of Savvy Investors Series", "Smart Women & Money" and "Bijak Labur".

2007 also saw SIDC reaching out to school children to inculcate good money management habits via the innovative "Kids & Cash" programme. This programme, targeted at 10-12 year olds, was developed to expose children to money management skills at a very young age.

2007 has been an excellent start for the new SIDC and I expect more innovative programmes in the year to come as SIDC widens its reach to include directors' training and development. SIDC will continue to build its internal capability and capacity to deliver its mandate and strengthen its brand as the leading training and development organisation for the capital market in ASEAN.

chief executive officer's review of operations

The first nine months of SIDC's existence as a corporatised organisation have been challenging and exciting for the company and personally rewarding for me.

CHANGE OF FOCUS

As a team, we redefined our Mission, Vision and Values to form the foundation upon which we built our brand promise: "Delivering Professional Excellence". Based on internal review and discussion we rebranded the SIDC, reinforcing both our independence of, and connectedness to our parent, the Securities Commission.

We focused on creating professional excellence by combining global best practice with local understanding, blending technical content with interpersonal skills training, as well as reflecting a unique insight into the needs of both the Securities Commission and the industry it regulates.

John Zinkin

Chief Executive Officer
Securities Industry Development Corporation



We decided every programme we design and deliver must have this unique blend of global with local insight, technical with interpersonal skills, and regulatory with commercial perspectives to help create a vibrant Malaysian capital market, which is at the heart of our Mission.

Consequently, we have moved from focusing on ‘training inputs’ to becoming a ‘learning outcome’ focused organisation where each programme is designed to change the behaviour of its participants. This change in focus has forced us to re-examine the way we design, develop and deliver our programmes. It is a permanent journey of improvement involving continuous experimentation and innovation where market feedback and customer focus is essential in ensuring that every programme is both relevant and current. As a result, we have restructured how we are organised and work.

FLAGSHIP PROGRAMMES FOR THE SECURITIES COMMISSION

In July we hosted the second Islamic Markets Programme (IMP) - a five-day course with three of the 40 participants from eight countries sponsored by the Economic Planning Unit’s Malaysian Technical Cooperation Programme

(MTCP). This is now an annual event, and the programme was regarded as a great success because of its highly interactive delivery with internationally recognised Islamic Finance experts with hands-on experience in creating Islamic financial instruments.

In November we organised the annual seven-day Emerging Markets Programme (EMP) on the topic “Harmonising Standards - Rules versus Principles Based Regulation”. This programme is, in the words of the MTCP Alumni Newsletter, “a unique forum for national regulators to share ideas and experiences on strategic issues of common interest”. Speakers came from Canada, China, India, Hong Kong, Singapore, Thailand, the UK, and the US. It was the most successful programme to-date with representatives from 29 countries, and 18 participants from 17 countries sponsored by the MTCP.

INNOVATION IN PRACTICE

One of SIDC’s core values is innovation and so it should come as no surprise that 2007 saw the introduction of five new initiatives: the Industry Transformation Initiative (ITI); the Institutional Investors Series (IIS); Computer-Based Examinations (CBE); the “Kids and Cash” financial literacy programme for children; and the extension of SIDC’s Mission to include directors’ training for the first time.

The ITI signals a shift from an ad hoc approach to continuous education of licensed intermediaries to a curriculum-based approach designed to culminate in certification of licensees by 2012, whereby the licensing examinations organised by SIDC will become a certification regime allowing licensees to become Associate Members, Members and Fellows of the Capital Market Association. The curriculum was developed after extensive analysis of 112 job descriptions, allowing the core competences to be grouped into eight job clusters with 16 associated interpersonal skills. The delivery of ITI modules was designed to incorporate both the technical aspects of the job with the interpersonal skills needed to be successful in a seamless way. It took some time to find the right balance after the launch, and this was achieved as a result of listening carefully to market feedback and customer comment.

The IIS was launched in December and was specifically designed for institutional investors. As a result of SIDC’s corporatisation, we were able to enter into a sponsorship arrangement with Aberdeen Asset Management, BNP Paribas Investment Partners Malaysia and Nomura Asset Management Malaysia so that they could bring leading practitioners to present the latest thinking on alternative asset classes. This programme was so well received that the participants asked for it to become an annual event.

After extensive trials, SIDC launched computer-based examinations in December, with the benefit that candidates sitting for licensing exams will know immediately whether they have passed or not.

As a result of SIDC developing its own corporate responsibility programme following training by Ravi Fernando, the UNDP's Global Compact expert from Sri Lanka, the Investor Education team created a unique, exciting, and interactive financial literacy programme for children aged 10-12. All SIDC staff volunteer for the programme and are expected to invest two days at company expense in helping children understand the need to manage their money. This innovative programme has also been recognised by Bank Negara and banks with children's outreach programmes are asked to support "Kids and Cash".

Finally in November, SIDC was tasked with developing a directors' training roadmap which has been accepted by all parties in the financial services sector

and which forms the basis of a curriculum for directors of public listed companies which will be rolled out in 2008.

There are many more topics I could write about, but to do them justice, each department features its highlights of 2007 in its own words in this report.

SUPPORT FROM THE CAPITAL MARKET DEVELOPMENT FUND

We would not have been able to launch the ITI or to fund the Capital Markets Graduate Training Scheme (CMGTS), had it not been for the support we have received from the Capital Market Development Fund (CMDf). In taking this opportunity to thank the CMDf for their faith in SIDC, I would like to acknowledge that we are committed to meeting our agreed goals through to 2012, ensuring the proper deployment of the funds in our charge.

MY THANKS TO SIDC STAFF

I would like to take this opportunity to thank the staff of SIDC for their professionalism, dedication and commitment to fulfilling our new Mission without allowing the transition from being part of the Securities Commission to an independent organisation with new values to deflect them from meeting their KPIs. Despite the natural uncertainties created by organisational, structural and reporting changes, the commitment to deliver professional excellence has been unwavering.

I have been privileged to work with a team whose positive attitude has meant they were prepared to accept the challenge of change. Without the team of diverse talents and temperaments that make up the SIDC, we would never have been able to have such a successful first year of transition.

I look forward to 2008 where, as a team, we will take SIDC to the next stage in its journey of development.



From left to right:

Faizah Abdul Aziz (Manager of Human Resources)

John Zinkin (Chief Executive Officer)

Sarimah Ramthandin (Manager of Investor Education)

Azman Hisham Che Doi (Head of Examinations)

Sivalingam Navaratnam (Head of Training & Development)

Suriani Tasref (Manager of Finance & Administration)

Creating an indelible mark in the Malaysian capital market.

We continue to earn the trust and confidence of target groups we serve due to our sense of fair play and high degree of professionalism, integrity and work ethics. Equally, our high quality, value-added product and service offerings are gaining increasing recognition among Malaysian and emerging market regulators.

CMSRL HOLDERS



Educating Investors

Given that one of SIDC's primary roles is to educate both retail and institutional investors, a five-year educational investment programme was launched in 2007 targeted at children, students, women, blue and white collar workers as well as institutional investors. The concept of our inaugural programme "Kids and Cash", which focuses on children aged 10-12 was developed in line with SIDC's Corporate Responsibility initiative that entails all SIDC staff spending two days educating children in the use of money at company expense.

INVESTOR EDUCATION (IE) ACTIVITIES 2007



Kids and Cash

Kids and Cash, our signature programme which has been approved by the Ministry of Education and endorsed by the Securities Commission and the Capital Market Development Fund, via funding of the programme, was launched in November 2007. The pilot sessions were successfully held in several schools involving a total of 200 students. In order to instill in children aged 10-12 the importance of managing money and in building interpersonal skills, the programme was developed to ensure that children understood the lessons taught within a fun-filled environment through group activities and games.

Apart from the IE department, other employees of SIDC volunteered as programme facilitators. That all SIDC employees devote two working days to this programme is a reflection of their commitment. Equally, the programme gives each and every employee the opportunity to embrace and uphold noble social causes as members of an education, training and information resource provider.

Secrets of Savvy Investors

A total of ten seminars on Secrets of Savvy Investors conducted nationwide drew 5,000 participants. Designed with stock market investors in mind, the seminar focused on smart investing and investors' rights and responsibilities.

Smart Women and Money

Aimed at equipping women with the necessary skills to manage their money, the seminar which was conducted in Penang, Johor Bharu, Kuching and Kuala Lumpur drew 2,000 female participants.



University Programme

Nine sessions were held at various universities nationwide. The objective of programme was to impart to students the importance of money management and investments in order to create financially savvy and knowledgeable future investors.

Media Articles

In 2007, 52 media articles were published in various local newspapers and magazines such as The Star, Berita Harian, Personal Money, Money Compass, 4E Journal and Thrive magazine. The focus of these media articles was educating investors on smart investing and investor's rights and responsibilities. Some of the articles were also highlighted by local radio stations including Lite FM and Wanita FM.



MIN Website

The IE department responded to 264 investor queries that came through this website. Average monthly hit rate for the year was 1.4 million, a significant increase of 53.6% from the previous year.

Leaflets

Two titles were printed and distributed to the public during the year. Entitled “Questions That Every Unit Trust Investor Must Ask” and “Insights of Choosing a Financial Planner”, these leaflets served to provide guidance to the Malaysian community on the know-how of unit trust investments and selecting a prudent financial planner to manage finances.

Partnership in education

Throughout the year, the IE department in partnership with several renowned companies participated in educational roadshows. These include, amongst others, participating in Financial Planning Association of Malaysia (FPAM) and Bank Negara Malaysia (BNM) roadshows in Penang, Kuching and Kota Kinabalu, and in Permodalan Nasional Berhad (PNB) Minggu Saham Amanah Malaysia exhibition in Kuantan.

We also distributed 36,000 booklets through Federation of Malaysian Unit Trust Managers (FMUTM) and collaborated with media partners such as Money Compass magazine, Berita Harian, Lite FM and Wanita FM to publish IE articles on a regular basis, free of charge.

The Institutional Investors Series (IIS)

The Institutional Investors Series (IIS), conducted in partnership with Aberdeen Asset Management, BNP Paribas Investment Partners Malaysia, and Nomura Asset Management Malaysia, was launched on 3 December 2007. Targeted at senior investment officers of major government pension funds, the IIS was deemed a success as participants found it to be extremely valuable. Given the high approval ratings, SIDC and its partners decided to make it an annual programme as part of a continuous institutional investors series where experts from around the world will be invited to share leading edge practices with selected Chief Investment Officers.

CORPORATE RESPONSIBILITY (CR)**Capital Market Graduate Training Scheme**

SIDC's Capital Market Training Scheme (CMGTS) was a CR initiative launched by the SC in 2003 to complement the government's measure to stimulate and enhance the capital market as part of its overall effort to ensure the continued growth of the Malaysian economy.

Supported by Bursa Malaysia, the scheme was well received by leading capital market associations and businesses. In recognition of its social contribution, the Prime Minister of Malaysia who is also the Minister of Finance announced in his 2006 budget speech that SIDC's CMGTS was to be further expanded and a double deduction on allowance to be offered to companies participating in the scheme.

However, its original plan to provide an avenue for fresh and unemployed graduates to acquire capital market knowledge and skills to enhance their employability was soon changed, as market conditions quickly improved and human capital needs shifted from quantity to quality human resources. Accordingly, in response to changing market needs in 2007 SIDC re-designed the programme with the support of the CMDF to focus on the recruitment of quality graduates for the capital market.

The programme comprises of two parts; one-month full time training involves intensive lectures by regulators, industry practitioners and interpersonal skills trainers. Upon completion of the formal training the participants undergo 11 months on-the-job training/internship within the industry to gain practical experience with stockbroking companies, merchant banks, unit trust companies, accounting/audit firms, public listed companies, and other capital market businesses.

Since its launch in 2003, SIDC has conducted nine CMGTS programmes. On average, SIDC receives over 1,000 applications per year to participate in CMGTS. To-date, 653 unemployed graduates have undergone the 12-month programme and as at 31 December 2007, the eighth and ninth programmes were in progress with an enrolment of 76 young graduates.

Enhancing the effectiveness of Bumiputeras in the capital market

- Bumiputera Training Fund (BTF)
- Bumiputera Dealers Representatives' Education Fund (BDREF)

Since 1997, SIDC has been tasked with managing the **Bumiputera Training Fund (BTF)** with the objective of encouraging all bumiputera employees to effectively participate in the stockbroking industry through improvements in their skills.

The RM5 million fund consists of contributions from stockbroking companies, Bursa Malaysia and the SC. Managed by two SIDC staff, the activities of the fund are overseen by a Board of Trustees, an Education Committee and a Finance Committee.

In 2007, 1,194 participants from 29 participating stockbroking companies nationwide attended 60 planned courses. 2007 also saw a lower participation by paid dealers and remisiers and higher participation from bumiputera executives and managers, most of whom were from investment banks. Personal Enhancement & Ethics were the most popular courses attended.

The Bumiputera Dealers Representatives' Education Fund (BDREF) is a RM5 million fund established in 2003 to encourage effective participation of bumiputera dealer's representatives (DR) through the pursuit of professional qualifications. These qualifications include Chartered Financial Planning (CFP), Chartered Financial Analyst (CFA), Graduate Diploma of Applied Finance & Investment (GDFAI), Diploma of Technical Analysis (MSTA) and Certified Financial Technician (CFTe).

BDREF provides a loan of 70% of the courses fees to qualified Bumiputera Dealer's representatives convertible into scholarship upon successful completion of the full programme. To help prepare for the exams, three tutorial classes were held in 2007.

As at 31 December 2007, 381 DRs from 25 stockbroking companies and 29 investment banks have benefited from the Fund.

CONTINUING THE LEARNING PROCESS IN A CHANGING ENVIRONMENT

Continuing Professional Education (CPE)

In 2001, recognising that continuing education is an important human development requirement in enhancing the value proposition of capital market intermediaries, the SC made CPE a mandatory post-licensing requirement. Accumulation of 20 CPE points each year became a condition for Capital Market Services Act (CMSA) license renewal. Its purpose is to foster a culture of continuous learning and its objectives are to enhance technical and professional expertise of CMSRL holders.

CPE is directed at the quality of professional services in meeting a client's expectations in an ever-changing economic environment. It provides reasonable assurance to investors and the business world at large that competencies of CMSRL holders will continually evolve to better serve public interest at the highest professional and ethical standards.



As CPE programme manager, SIDC reviews, recommends and monitors over 300 CPE courses and annually tracks over 100 registered training providers nationwide.

Oversight

The CPE Advisory Group is responsible for the implementation oversight of the CPE programme and provide direction and advice on the overall CPE framework for the capital market. The CPE Working Committee is responsible for overseeing implementation efforts pertaining to the planning, coordination and monitoring of the programme.

The Curriculum

The CPE curriculum comprises of two categories, namely Capital Market Regulation and Capital Market Development.

Capital Market Regulation focuses on investor protection and value creation (knowing rules and clients). Standard courses include:

- Regulatory developments
- Risk and compliance issues
- Principles of corporate governance and corporate responsibility
- Transparency and accountability
- Market integrity and business ethics
- Best sales practice standards
- Professional conduct

Capital Market Development focuses on liquidity, competition and value creation (knowing products and markets). Courses include:

- Risk & return characteristics of capital market products
- Trading mechanics and valuation techniques
- Capital market players, investment/clients profiles
- Business trends and economic environment
- Scope of capital market business services

In terms of popularity and market demand, 86% of CPE courses in 2007 focused on economic outlook, markets, capital market products and services whilst 14% of the courses focused on regulatory issues and changes.

Educating Intermediaries

Monitoring Continuing Professional Education

In 2005, the SC invested in the CPE Tracker System to ensure a more efficient way of managing the programme. SIDC receives on-line applications from training providers to

- Conduct new courses
- Repeat, cancel or KIV courses
- Accept participation and evaluation reports

In 2007, 75% of CPE courses were conducted in Kuala Lumpur and Selangor as 66% of SC licensees are based in the Klang Valley.

INDUSTRY TRANSFORMATION INITIATIVE (ITI)

SIDC launched the Industry Transformation Initiative (ITI) on 30 July 2007. ITI, a five-year project funded by the Capital Market Development Fund (CMDf) aims at improving market professionalism by bridging the technical skill gaps and interpersonal competencies of market intermediaries to boost investor confidence.

ITI is an integrated curriculum-based development programme for capital market intermediaries. Based on a thorough analysis of 112 job descriptions and 1,313 survey results to determine the skills and competencies needed in a rapidly evolving capital market, the ITI programme consists of 12 core modules and 13 electives conducted as a two-days courses. The modules are designed specifically to upgrade the interpersonal skills and technical competencies that are critical in helping intermediaries add value by moving from order-taking to providing quality advice.

As such, ITI reflects a difference in training and development philosophy from the CPE programmes previously offered, in that it focuses on changing behaviour rather than purely imparting knowledge. The ITI curriculum developed by the SIDC is intended to **augment and not replace** the training that should be offered to market professionals by third parties.

Course facilitators use a range of instructional techniques to provide engaging learning experiences for course participants. SIDC ensures that its offerings are current and relevant through regular focus groups and industry feedback sessions.

Meaningful application and changed behaviour occurs when there is an effective blend of learning experiences based on adult learning principles. The courses available in this curriculum provide opportunities for individual work, group projects, interactive discussions, action planning and job-related activities.

The aims of the ITI curriculum are to:

- Stimulate meaningful discourse among participants on the factors that relate to and shape the capital market in Malaysia;
- Create learning outcomes that support the development of new competencies which are portable across the industry;
- Change the behaviour of participants thereby adding value to their clients through the use of their newly-acquired knowledge to make improvements in their on-the-job performance.



LIST OF ITI CORE COURSES LAUNCHED IN 2007

COURSE

EQUITY MARKET

EQ01	Economics and Capital Markets 1: Forces Shaping Global Capital Markets
EQ02	Essentials of Fundamental Analytics 1: Analysing Company Performance
EQ03	Corporate Strategic Analytics 1: Essentials of Corporate Proposal Analysis
EQ04	Corporate Governance and Ethics 1: Strengthening Professionalism Through Ethics

INDUSTRY TRANSFORMATION INITIATIVE (ITI)

Seamless Integration of Technical Competencies with Required Interpersonal Skills to Deliver Professional Excellence



ITI IS UNIQUE BECAUSE

- ITI was developed based on 112 Job Descriptions of the market
- ITI uses adult learning principles
- ITI training is structured and progressive

Educating Intermediaries

NUMBER OF ITI COURSES ORGANISED IN 2007

Date	Course Code	Number of Participants
OCTOBER 20-21	EQ02	34
NOVEMBER 13-14	EQ02	30
24-25	EQ01	82
DECEMBER 1-2	EQ01	70
1-2	EQ02	70
8-9	EQ02	70
8-9	EQ01	32
15-16	EQ01	100
TOTAL		488

In Q4 2007, 488 capital market intermediaries went through CPE-ITI Courses

What the Industry says:

“ITI has done a great job in its approach by addressing the fundamentals first and then the technical aspect of it. I find that the two-way communication between the speaker and participants is what makes ITI different and engaging from what I’ve experienced in other CPE courses. The organisation of the course is very efficient and I would strongly recommend this course to others; ITI has done a good job to educate the dealer’s representatives and remisiers”

OUR FLAGSHIP PROGRAMME: EMERGING MARKETS PROGRAMME (EMP)

Harmonising Standards: *Rules vs. Principles Based Regulations* 17-23 November

“The Emerging Markets Programme was very useful to me as our organisation is in the stage of making various regulations under the recently passed Securities Act. In this regard, I have given some suggestions regarding the type of regulation we need, either it is rule based or principle based regulation. Apart from the programme, we got the opportunity to meet people from different continents and different level of development of market and share their experiences regarding the securities market of each country. This kind of programme will help to widen our vision towards the markets of different countries”

Binaya Dev Acharya
Deputy Director, Securities Board of Nepal



This popular annual programme was first conceived and conducted in 2001. The EMP is a closed door regulator to regulator (R2R) discussion and networking programme. The participants of the EMP are mostly regulators of securities markets and stock exchanges of emerging economies. EMP provides a forum for regulators to discuss and share ideas, experiences and expertise on significant capital market regulations, development issues and common concerns.

Typically, the programme explores the rationale of different regulatory philosophies and various implementation approaches and lessons learned. It discusses when and how securities regulators should intervene in their capital markets and the incentives and impediments in harmonising regulatory standards.

The programme challenges regulators to rethink established regulatory philosophies and processes to ensure effectiveness and the need to escalate cross-border regulatory co-operation.

The 2007 programme emphasised the unique needs of emerging markets and the crucial role regulators play in choosing an approach that best fits their emerging market and the real challenges that capital market regulators of modern emerging economies have to face and address.

The 46 participants who attended the programme came from various countries including Bangladesh, Brazil, Cambodia, China, Cuba, Egypt, Ghana, India, Indonesia, Iran, Jordan, Kazakhstan, Kenya, Korea, Lithuania, Malawi, Maldives, Myanmar, Nepal, Pakistan, Peru, Philippines, Poland, Saudi Arabia, Sri Lanka, Thailand, Uganda, Uzbekistan and Zambia.

“I have participated in the EMP programme for the last few years and firmly believe that it is one of the strongest and most relevant programmes for regulators to attend to get a view of the hot and salient issues confronting regulators and the participants they regulate. A “must-go” for all emerging market regulators to network, learn and share experiences with other participants”.

Angelina Kwan
Ex-Hong Kong SFC and COO for Cantor Fitzgerald,
Hong Kong

Educating Regulators

OUR FLAGSHIP PROGRAMME: ISLAMIC MARKETS PROGRAMME (IMP)

Innovating for Growth 1-6 July 2007

For the second successive year, we conducted this SIDC flagship programme. The five-day Islamic Markets Programme centres on a discussion of the theory, main principles and most current thinking in the fast growing world of Islamic finance.

It offers a step-by-step progressive learning platform to better understand the principles and practice modes of modern Islamic finance, realise its business potential and explore its implications to industry growth, capital market attractiveness and contribution to the overall economy.

The programme also offers the opportunity to keep abreast of emerging trends and developments and updates of new products and services in the ever-widening range of Islamic business applications and innovations around the world with spotlights on activities in this region.

This intermediate-level programme is designed to be learner friendly with minimal prerequisites of finance, economics or law. Presentations are reinforced by case studies and experiences from practitioners, subject matter experts and capital market regulators.

The programme conducted in 2007 was an overwhelming success. Despite heavy competition from well known training providers, the programme attracted 40 participants of which 12 were from foreign countries including Bangladesh, Brunei, Iran, Japan, Maldives, Mauritius and Uzbekistan.



27-28 FEBRUARY

SIDC CAPITAL MARKET WORKSHOP (CMW) SERIES: THE MALAYSIAN EQUITY MARKET

The SIDC CMW Series is intended to provide a comprehensive understanding on the various areas of the Malaysian capital market. These courses are open to new entrants to the Malaysian capital market as well as the general public who wish to enrich their knowledge in this area.

This two-day workshop discussed about the Malaysian equity market - the legal and regulatory framework, roles of principal players and trading mechanics.

A total of 60 participants attended this two-day workshop.



3 MAY

CMGTS 1/2007

The Capital Market Graduate Training Scheme (CMGTS), aims at providing an avenue for graduates to acquire invaluable knowledge, skills and experience in the areas of interpersonal competencies, business communications and the Malaysian business environment.

Open to unemployed graduates, the CMGTS is a two-part programme involving 20 days of classroom learning, followed by an 11-month internship in industry to provide graduates with first hand practical experience in the capital market industry.

The 1st 2007 CMGTS intake saw 60 trainees accepted into the scheme, with 17 trainees absorbed as permanent staff in investment banks and stockbroking companies.



28 MAY

SIDC SIGNS MOU WITH UNITEN

In line with the government's efforts to bridge the gap between the knowledge and skills of graduates produced by higher learning institutions and the needs of industry, the Securities Industry Development Corporation (SIDC) entered into a Memorandum of Understanding (MoU) with the Universiti Tenaga Nasional (UNITEN). This collaboration aims at introducing the capital market syllabus in UNITEN. It is also seen as part of the efforts to increase the pool of resources for the capital market.

Students of UNITEN will benefit greatly as they will be exposed to the knowledge and skills of the capital market required by the industry. This will improve the marketability of these graduates as they look for jobs. SIDC's support also extends to the lecturers and students through industry talks, training programmes, industrial visits, licensing examinations and others.



1-6 JULY

2nd ISLAMIC MARKETS PROGRAMME: INNOVATION FOR GROWTH

The IMP is SIDC's flagship training programme targeted at both experienced practitioners and new entrants into Islamic finance.

40 delegates from Bangladesh, Brunei, Iran, Japan, Maldives, Mauritius, the United Arab Emirates, Uzbekistan, as well as Malaysia, participated in this

programme, discussing various issues on Islamic capital markets such as its principles, structures and documentation, equities and derivatives regulations and risk management.



30 JULY

SIDC INCORPORATION AND INDUSTRY TRANSFORMATION INITIATIVE (ITI) LAUNCH CEREMONY

The Securities Commission officially announced the incorporation of the Securities Industry Development Corporation (SIDC) and unveiled a new capital market development programme, called the Industry Transformation Initiative.

These two initiatives will help propel the capital market beyond meeting domestic demands to seize opportunities offered in the regional and global market place; as outlined in the third and final phase of the capital market masterplan.

15-16 AUGUST

SIDC CAPITAL MARKET WORKSHOP (CMW) SERIES: FUNDAMENTALS OF FUND MANAGEMENT

This programme is part of the SIDC CMW Series organised by SIDC to provide a comprehensive understanding of the fund management industry in Malaysia, the regulatory structure and the participants involved.

It also covered the different types of funds, fund management styles and practical aspects relating to the conduct of a fund manager's business.

This course is open to new entrants to the Malaysian capital market as well as the general public who wish to enrich their knowledge in this area.

A total of 66 participants attended this two-day workshop.

21 AUGUST**UNDP-ICR MALAYSIA 2007 WORKSHOP ON CSR: STRATEGIC CSR FOR SUSTAINABLE BUSINESS**

This workshop provided insight on how organisations should move towards creating CSR initiatives, which “support the achievement of an organisation’s strategic vision and goals, while impacting its employees, the communities in which it operates and the cause it champions the society” Ravi Fernando, 2006.

4-5 participants per organisation discussed in great detail each organisation’s current CSR activities and how to develop, brand and launch a strategic CSR programme, defining the strategic partners as well as differentiating the programme to ensure its sustainability.

3 SEPTEMBER**CMGTS 2/2007**

The 2nd 2007 CMGTS intake for 2007 accepted 46 trainees into the scheme.

1 & 5 NOVEMBER**BRIEFING OF THE CAPITAL MARKETS AND SERVICES ACT 2007**

Two briefing sessions were organised following the launch of the Capital Markets and Services Act, 2007 (CMSA) which came into force on 28 September 2007. The briefings focused on six main thrusts of the CMSA.

**17-23 NOVEMBER****8TH ANNUAL EMERGING MARKETS PROGRAMME HARMONISING STANDARDS - RULES VS. PRINCIPLES BASED REGULATIONS**

46 participants from Bangladesh, Brazil, Cambodia, China, Cuba, Egypt, Ghana, India, Indonesia, Iran, Jordan, Kazakhstan, Kenya, Korea, Lithuania, Malawi, Maldives, Myanmar, Nepal, Pakistan, Peru, Philippines, Poland, Saudi Arabia, Sri Lanka, Thailand, Uganda,

Uzbekistan and Zambia attended the 8th EMP this year. This annual programme conducted by SIDC for capital market regulators of the emerging markets offers an opportunity for capital market regulators from emerging markets to exchange ideas, share experiences and expertise on significant capital market regulation and development issues.

3 DECEMBER**INAUGURAL INSTITUTIONAL INVESTORS SERIES A PROGRAMME FOR INSTITUTIONAL INVESTORS**

SIDC and SC, in partnership with Aberdeen Asset Management, BNP Paribas Asset Management Malaysia and Nomura Asset Management, organised the inaugural Institutional Investors Seminar, the first of its series this year. This seminar aimed at assisting the Malaysian institutional investors to develop global best practices and keep abreast of new capital market instruments.

The seminar was attended by some of Malaysia’s largest institutional investors, including the EPF, LTAT, SOCSO and Lembaga Tabung Haji.

**7 DECEMBER****INTRODUCTION OF COMPUTER-BASED EXAMINATIONS**

SIDC announced the implementation of its Computer-Based Examinations (CBE) which was developed and designed to increase efficiency in managing and delivering examinations to meet growing demand. With effect from 2008, all SC Licensing Examinations will be offered via CBE.

With the system in place, candidates will have better access to the SC licensing examinations as there will be more sessions and all modules will be offered in each session. Another advantage of the CBE is that candidates will be able to obtain their interim results immediately, upon completion of their examinations. With the launching of the CBE system, a CBE simulation is also made available on the SIDC website to assist candidates in familiarising themselves with the new CBE environment.

**DECEMBER****OUR CR INITIATIVES: SIDC’S “KIDS & CASH” PROGRAMME**

Acknowledging that school children tend to “spend all their money without considering its value or where it comes from”, SIDC organised a corporate responsibility programme entitled “Kids & Cash.”

The aim of this programme is to educate children on the importance of saving money, smart spending habits and how to plan their finances at an early age. Three schools participated in the pilot run - SK Taman Tun I, SK Taman Tun II and SK Desa Sri Hartamas, with a total participation of 200 students.

Following the success of this pilot programme, SIDC has turned this children’s financial literacy effort into an employee volunteer programme where every SIDC staff is encouraged to spend two full working days participating in “Kids & Cash” workshops at SIDC’s expense. Such voluntary efforts inevitably strengthen the relationship among colleagues and contribute to the development of each staff and nurture positive work culture within the organisation.

JANUARY TO DECEMBER**SIDC & CAMPUS CONNECTION**

In 2007, there were a total of 14 university visits organised by the Corporate Services Department. A “Get to Know the Capital Market and SIDC” programme was designed and developed to expose students and lecturers to:

- The Overview of the Malaysian Capital Market
- Smart Investing in the Capital Market
- Career Opportunities in the Capital Market
- SIDC’s Roles and Functions as the Leading Training and Education Provider in the Capital Market.

SIDC TRAINING PROGRAMMES IN 2007

Date	Programme	Level	Target Audience	Number of Participants
FEBRUARY 27-28	SIDC Capital Market Workshop (CMW) Series: The Malaysian Equity Market	Basic	<ul style="list-style-type: none"> • New entrants to the capital market industry and staff of the stockbroking companies • Members of the public who wish to know more about the Malaysian equity market 	60
MARCH 3-4	Dealer's Representative Preparatory Course - Module 6	Basic	<ul style="list-style-type: none"> • Candidates preparing for Module 6 of the SC licensing examinations. • New entrants to the capital market industry. • Employees of stockbroking and investment firms 	16
10-11	Dealer's Representative Preparatory Course - Module 7	Basic	<ul style="list-style-type: none"> • Candidates preparing for Module 7 of the SC licensing examinations. • New entrants to the capital market industry. • Employees of stockbroking and investment firms 	25
APRIL 28-29	Investment Representatives Preparatory Course - Module 12	Intermediate	<ul style="list-style-type: none"> • Candidates preparing for Module 12 of the SC licensing examinations. • New entrants to the capital market industry. • Employees of stockbroking and investment firms 	23
MAY 12-13	Investment Representatives Preparatory Course - Module 15	Intermediate	<ul style="list-style-type: none"> • Candidates preparing for Module 15 of the SC licensing examinations. • New entrants to the capital market industry. • Employees of stockbroking and investment firms 	25
26-27	Dealer's Representative Preparatory Course - Module 6	Basic	<ul style="list-style-type: none"> • Candidates preparing for Module 6 of the SC licensing examinations. • New entrants to the capital market industry. • Employees of stockbroking and investment firms 	60

Date	Programme	Level	Target Audience	Number of Participants
JUNE 9-10	Dealer's Representative Preparatory Course - Module 7	Basic	<ul style="list-style-type: none"> • Candidates preparing for Module 7 of the SC licensing examinations. • New entrants to the capital market industry. • Employees of stockbroking and investment firms 	55
JULY 1-6	Islamic Markets Programme (IMP)	Basic -Intermediate	<ul style="list-style-type: none"> • Conventional bankers, fund managers, dealer's representatives • CEOs and senior personnel of companies • New entrants in Islamic Capital Market • Staff of government agencies • Shariah lecturers or graduates 	40
AUGUST 15-16	SIDC CMW Series: Fundamentals of Fund Management	Basic	<ul style="list-style-type: none"> • Fund managers • Trustees of pension plans • Corporate treasurers • Brokers • Investment managers • New entrants to the capital market industry and staff of the stockbroking companies • Members of the public who wish to know more about the fund management industry 	66
NOV 17-23	Seminar on The Capital Markets and Services Act 2007 (CMSA)	Basic	<ul style="list-style-type: none"> • Capital market participants who wish to get an understanding on the newly announced CMSA 	522
DEC 3	Institutional Investors Series	Intermediate	<ul style="list-style-type: none"> • Institutional investors 	48
OCT-DEC	Industry Transformation Initiative (ITI) EQ01 & EQ02	Intermediate	<ul style="list-style-type: none"> • CMSRL holders (Dealing in securities) 	488
TOTAL				1,428

EXAMINATIONS

SIDC serves as a one-stop examination centre for those seeking to be licensed by the SC or those seeking to submit an application for approval to the SC to hold position as key management of a Capital Markets Services Licence (CMSL) Holder, Compliance Officer or a Local Participant.

In 2007, to facilitate the needs of the growing industry, we have conducted a total of 152 examinations for 11 modules of examinations in various venues to provide convenience to candidates. Apart from Kuala Lumpur, examinations were held in five other major cities in Malaysia, namely Penang, Johor Bahru, Kota Kinabalu, Kuching and Kuala Terengganu. Overall, a total of 3,575 candidates sat for the examinations.

Licensing Examinations for Candidates Held in 2007

Examinations	Number of Examinations		Number of Candidates*	
	2007	2006	2007	2006
Module 6 : Stock Market and Securities Law	22	22	923	772
Module 7 : Financial Statement Analysis & Asset Valuation	28	22	1,272	922
Module 9 : Funds Management Regulation	14	16	210	301
Module 10 : Asset & Funds Management	16	17	244	305
Module 11 : Fundamentals of Compliance	11	14	107	172
Module 12 : Investment Management & Corporate Finance	13	13	172	198
Module 14 : Futures & Options	14	16	233	197
Module 15 : Investment Advisory (Rules & Regulations)	11	13	145	165
Module 16 : Rules & Regulations of Futures & Options	14	16	250	223
Module 17 : Securities and Derivatives Trading (Rules and Regulations)	4	10	10	19
Module 18 : Securities and Derivatives Trading (Products and Analysis)	5	7	9	12
Total	152	166	3,575	3,286

* The total includes candidates sitting for the various examinations and re-sitting candidates.

From left:

YBhg. Dato' Zarinah Anwar
Chairman
Securities Commission, Malaysia

YBhg. Dato' Yusli Mohamed Yusoff
Chief Executive Officer
Bursa Malaysia

YBhg. Dato Dr. Nik Ramlah Mahmood
Managing Director
Securities Commission, Malaysia



YBhg. Dato' Zarinah Anwar

YBhg. Dato' Zarinah Anwar is the Chairman of the Securities Commission, Malaysia, a post she assumed on 1 April 2006. Prior to this, she served as the Deputy Chief Executive of the SC since 1 December 2001, overseeing the SC's Market Supervision, Enforcement and Corporate Resources divisions.

Dato' Zarinah currently chairs the Venture Capital Consultative Council that aims to assist and promote the development of the venture capital industry in Malaysia. She also serves on the Boards of the Labuan Offshore Services Authority, Integrity Institute Malaysia, the Capital Market Development Fund, and the Financial Reporting Foundation. She is also a member of the Foreign Investment Committee and the National Innovation Council.

Prior to joining the SC, Dato' Zarinah was with Shell Malaysia for 22 years. During that time she held key positions such as the Deputy Chairman of Shell Malaysia and Director for Human Resources, Corporate Affairs and Legal. Dato' Zarinah was a member of the Board of Directors of various Shell Companies and member of the Board of Trustees of various Shell Malaysia Trust Funds. She was also a member of Shell's Global Diversity Council.

Dato' Zarinah was, for several years, the Vice President of the Malaysian Employers Federation and served as a member on the Board of Directors of the Social Security Organisation (SOCISO), the National Labour Advisory Council and the Board of Governors and Board of Trustees of Kolej Tuanku Jaafar.

Dato' Zarinah graduated with an LLB (Hons) from University Malaya in 1976. She started her career in the Government's Legal and Judicial service where she served as Magistrate, Senior Assistant Registrar, Solicitor in the Public Trustee's department and Assistant Parliamentary Draftsman in the Attorney General's Chambers.

YBhg. Dato' Yusli Mohamed Yusoff

YBhg. Dato' Yusli bin Mohamed Yusoff, graduated with a Bachelor of Economics from the University of Essex (United Kingdom) in 1981, is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

He began his career in London with Peat Marwick Mitchell & Co from 1982 to 1986. He held various key positions in a number of public listed and private companies in Malaysia, whose activities span property and infrastructure development, telecommunications, engineering and merchant banking, before he was appointed the Chief Executive Officer/Director of CIMB Securities Sdn Bhd from January 2000 to January 2004. He also served as the Chairman of the Association of Stockbroking Companies in Malaysia from 2003 to 2004.

Presently, Dato' Yusli is the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad and a Board Member of its group of companies. He also sits on the Malaysian Capital Market Development Fund Board.

YBhg. Dato Dr. Nik Ramlah Mahmood

YBhg. Dato Dr. Nik Ramlah Mahmood is the Managing Director of the Securities Commission, Malaysia.

Dato Dr. Nik Ramlah has been personally involved in many of the SC's developmental initiatives for the Malaysian capital market including those relating to development of the bond market, fund management, corporate governance and rationalisation of the regulatory framework for the capital market.

Dato Dr. Nik Ramlah is a member of the Professional Development Panel of International Centre for Education in Islamic Finance (INCEIF) and of the Training and Education Advisory Council of Islamic Banking and Finance Institute Malaysia (IBFIM). She also sits on Bursa Malaysia's Islamic Capital Market Consultative Panel.

She is a member of the Corporate Law Reform Committee established by the Government of Malaysia and Co-Chair of the Ethics Committee of the Malaysian Institute of Accountants (MIA).

Prior to joining the SC in 1993, Dato Dr. Nik Ramlah was an Associate Professor in the Faculty of Law, University of Malaya.

John Zinkin

Chief Executive Officer
Securities Industry Development Corporation

John Zinkin has 36 years experience in business, of which 20 have been in Asia, holding senior line management and corporate strategy/business development positions in major multinational manufacturing, marketing and consulting companies.

He is also the Deputy Chairman of Institute of Corporate Responsibility, Malaysia - a network designed to promote best practices in Corporate Social Responsibility. He is the Visiting Fellow of the International Centre for Corporate Social Responsibility in Nottingham, UK where his areas of research are CSR and Corporate Governance.

He has written "What CEOs must do to succeed", published by Prentice Hall in 2003 and co-authored "Corporate Governance", published by John Wiley in 2005.

Formerly Special Professor of Brand Marketing and Associate Professor of Marketing and Strategy at the University of Nottingham in Malaysia, he was responsible for the MBA programme.

John attended the London Business School where he received an MSc in Business Administration; Magdalen College, Oxford where he majored in Politics, Philosophy and Economics, and Winchester College.





www.sidc.com.my

Focused on educating and protecting investors.

By conducting programmes that focus on financial literacy & market malpractices, we help safeguard the interests of investors. That's just the way our approach to business has been since day one of our operations. And we will always remain true to our customer-centric commitment in order to help drive markets. Simply put, it's in our DNA.





our departmental roles

Investor Education

Our role as Investor Education Department is to “inculcate financial literacy as vital life skills”. In 2007, we worked with various segments of the Malaysian community, including primary school and university students, women, rural communities as well as stock market and unit trust investors.

Various financial literacy programmes were developed during the year, all catered specifically for each segment of the Malaysian community, to complement SC’s effort in creating more knowledgeable and vigilant investors in the capital market.

In December 2007, the pilot sessions of “Kids and Cash”, our signature programme, were launched, involving a total of 200 students from several schools. The programme was designed to educate children aged 10-12 on how to manage money and build interpersonal skills through group activities and games.



From left to right:

Mohd Azril Bin Bahaman

Sarimah Binti Ramthandin (Manager)

Raja Nor Liyana Raja Aznil



our departmental roles

Training & Development

According to Steven Covey, “Synergy is the highest activity of life; it creates new untapped alternatives; it values and exploits the mental, emotional, and psychological differences between people”. We concur simply because we believe that for a team to reach its potential, the overall interest of the team must supersede individual interest. That SIDC’s training and development (T&D) team has continued to outperform its own KPIs and achievements year after year speaks volumes about our teamwork and leadership.

T&D has essentially two key teams. The Research and Development team conducts applied research on identified programmes for relevance, completeness and accuracy. Information and data to build the programme is sourced, structured and organised and a draft programme is developed.

The draft is then tested with relevant industry players and subject matter experts. This ensures correctness of programme content, appropriateness of each session’s presenters and that the programme’s delivery pitch and fee suit targeted audiences.

The Administration team works closely with the Research and Development team to develop an official programme schedule, complete with an appropriate budget for management approval. Planning work commences, resources are organised and protocol advice is sought. This ensures efficient delivery of the courses.

The team then liaises with external training partners and identified presenters to prepare course materials. On the day of the programme, they manage participants and monitor programme delivery. Evaluation questionnaires are analysed and an evaluation report is sent to the Research and Development team for future programme reviews, management reporting and to shorten the ‘product-to-market’ cycle.



From left to right:

Sivalingam Navaratnam (Head)

Dina Binti Mohd Nor

Noorhadi Ali Bin Sabarmisi

Ong Tok Lee

Amelia Binti Arshad

Haslinda Binti Ismail



From left to right:

Kruthiga Permar

Sharizan Laily Binti Shahrudin

Rosmawati Binti Azid

Zaine Binti Mohd Noh

Mohamad Zaihan Bin Abu Hassan



our departmental roles

Examinations

Our Examinations Department has been entrusted to develop and conduct the SC Licensing Examinations. These examinations are designed to set a minimum standard of competency required of individuals seeking to be licensed by the SC or approval from the SC to serve a Capital Markets Services Licence (CMSL) Holder in a key management position, as a Compliance Officer or Local Participant.

The scope of work requires the department to work closely with regulators, exchanges, industry associations, market participants and international counterparts to ensure that the examinations conducted reflect industry needs as well as international best practices. The department's operations and activities are based on established policies and procedures.

In addition, the Examinations Department seeks advice from its advisory panel on the overall policy direction and structural issues relating to licensing examinations while numerous working committees have been established to ensure quality, relevance and adequacy in developing the syllabi and examination questions for each examination module.

From left to right:

Azizi Bin Ismail

Shirley Chew Le Peng

Suriani Binti Mohd Rashid

Lee Ching Ching



From left to right:

Azrina Binti Abdul Aziz

Azman Hisham Bin Che Doi (Head)

Nor Suzliyana Binti Abdul Rahim

Jennifer Ho Mei Ling



our departmental roles

Corporate Services

The Corporate Services (CS) department's key objectives are to market and promote the SIDC brand through its array of products and services and, foster an effective customer relationship with all of its stakeholders in both the domestic as well as global markets.

CS has a front office located on the Ground Floor of the SC building. As the "face of SIDC", this one-stop information centre keeps SIDC's clients abreast of its products and services. The front office, or SIDC Shop is manned by two experienced customer support personnel who attend to public queries, process exam and seminar registrations, purchase of examination study guides and reference materials and process payments.

Our back office team consists of one executive and two customer support personnel. Marketing activities, collateral development and systems administration are handled by the back office.

Both the shop and back office teams work closely in ensuring a smooth flow in the day-to-day operations and adherence to deadlines in order to meet the broader SIDC objectives.

From left to right:


Abdul Jalil Bin Abu Hassan

Sharifuddin Shahbuddin

Saadon Bin Salaman Perse

Nurhayati Binti Zubir





ADMINISTRATION

FINANCE

our departmental roles

Finance & Administration (F&A)

F&A is responsible for finance, budgeting, procurement and other administrative functions supporting the mission of SIDC. F&A is committed to providing superior, innovative and responsive services to SIDC. The role of the department requires ethical, objective, reliable and responsive conduct.

The functions of recording financial transactions, safeguarding physical and financial assets, allocation of resources and delivery of basic services are handled by the department. F&A also ensures the integrity of SIDC's financial statements, its financial instruments and optimising SIDC's budget performance and integration.



From left to right:

Ahmad Yusoff Hamzah

Faizah Binti Abd Aziz (Manager, HR)

Suriani Binti Tasref (Manager, Finance)

Noraini Binti Mahmood

Nor Afiza Binti Za'ba

The Human Resources Department of SIDC aims to provide efficient and effective human resources services by developing and implementing policies, programmes and activities that contribute to the attainment of SIDC's corporate strategic direction and goals.

SIDC believes in the development of its people, recognising that they are an asset rather than a cost. SIDC has an annual training budget of 5% of total payroll costs so that employees at all levels can continuously equip themselves with the relevant skills and up-to-date techniques and thinking needed to create a vibrant Malaysian capital market.

Some of the training programmes attended by SIDC staff:

1. 10th Annual IAF Facilitator Conference - Malaysia
2. Full Engagement - Maximising Operational Performance and Productivity
3. Malaysia's Role in Global Islamic Finance - Leadership, Education and Value Innovation
4. Leading a Global Enterprise
5. Microsoft Excel Functions and Formula
6. Managing Change

One of our objectives is to ensure that our practices can stimulate favourable behaviour and to develop company-specific competencies that are critical for the growth of the organisation. At the end of the day, our aim is for SIDC to be the "Employer of Choice" in Malaysia.

A serious call for shareholder activism

BY JOYCE GOH AND RISEN JAYASEELAN

With the recent wave of privatisations of listed companies, one question comes to mind — how should minorities decide? One problematic situation has been the fact that some minorities have been influenced to accept an offer on fear that the company would be de-listed. This often happens after

companies undergoing a privatisation exercise state that they no longer intend to maintain their listing status after acceptance of the offer goes beyond the 75% level of issued shares. This is based on the fact that listing rules require companies to maintain a public spread of 25% of issued shares. Therefore, announcing that the listed company no longer has a 25% public spread followed by a statement that the party does not

intend to maintain the listing of the company, may be viewed as a threat. And who can blame shareholders for not wanting to hold on to the stock of an unlisted entity. According to a fund manager with a local asset management company, should she be faced with such a situation, she would sell. "Of course we will sell. We have no choice. Our mandate does not allow us to hold unlisted shares. Unless we are big enough to make

some noise or take it up with Bursa, we would have to sell," the fund manager adds. What investors know is that a listed company will be automatically suspended when the public spread of its shareholding is less than 10%, according to Bursa's listing rules.



CBE system for SC licensing

KUALA LUMPUR: The Securities Commission (SC) will launch a computer-based examination (CBE) system for all SC licensing effective January. "The system aims to increase efficiency in the management operation of licensing examination processes," the SC said in a statement yesterday.

SIDC: 4 equity modules a must

THE Securities Industry Development Corp (SIDC) says persons dealing in securities must now complete four equity modules offered by it for licence renewal.

came into force on September 28 this year.

SIDC chief executive officer John Zinkin said the four modules were mandatory to facilitate development of critical skills to boost the quality of the industry.

ginalised by the changing environment and increas-

SC to computerise licensing exam processes

EFFECTIVE January 2008, the Securities Commission (SC) will kick start a computer-based examination (CBE) system for SC licensing examinations, which will benefit all aspiring capital market participants with the highest frequency of examina-

tioning examinations processes. SC said in a statement that with the CBE system in place, all licensing examination modules will be offered on a weekly basis. Presently, certain modules under the current system are offered only once or twice a month. In addition, the new computer-

To assist candidates in familiarising themselves with the format of the new CBE system, the SIDC has developed a simulation programme which is available on the SIDC website at www.sidc.com.my. Examination candidates are encouraged to try out the CBE system

and products. The SC licensing examinations consist of 11 modules covering areas such as equity (fund management, corporate finance and investment). The SIDC says the CBE system will be implemented in a phased manner.

須完成4課程才可更新執照

證券業者強制上課

何開玄 biz@orientaldaily.com.my

(吉隆坡1日訊) 證監發展機構 (SIDC) 周一宣布, 所有涉及股票交易的資金市場與服務執照持有者, 必須強制性完成4項股票課程, 才能更新他們的執照, 市場人士對此持正面看法, 並認為這項新措施可進一步提高證券市場的素質和業者的專業知識, 不過, 最重要的還是業者需要具備專業的精神。



證監發展機構高級執行董事葛蘭拉士(左起)、約翰查京、證監會主席黃奕住與副主席黃奕住(右起)在記者會上。

文接 B51
新措施加強
約翰查京表示, 證監發展機構的活動是專注在其結構, 不只是提升業者的技巧, 還包括加強人與人之間的競爭力, 在這個競爭環境下, 這些他們是否有能力在大市場中獲利。

Islamic capital market needs innovators to reach full potential

The sector still holds enormous scope for further, faster growth with demand outstripping supply.

need for an ICM talent pool that is able to introduce new products in the market, as well as raise awareness of existing products in other jurisdictions," it said in a statement released in Kuala Lumpur yesterday. SIDC said although the ICM has grown rapidly, it has yet to realise its full potential. Today, Islamic finance has a presence in over 75 countries.

Uniten sedia wujud usaha sama pintar

UNIVERSITY Tenaga Nasional (Uniten) terus bekerjasama dengan industri dalam usaha memperkasakan programnya bagi memastikan ia sesuai dengan keperluan pasaran semasa.

Naib Canselornya, Prof Datuk Dr Mashkuri Yaacob, berkata institusi berkenaan mewujudkan kerjasama pintar dalam memastikan silibus ditawarkan sesuai dengan keperluan semasa supaya graduan mempunyai nilai kebolehsasaran tinggi.

Katanya, usaha sama pintar antara Uniten dengan Pusat Perbadanan Perkembangan Industri Sekuriti (SIDC) dan Persatuan Akauntan Bertauliah (ACCA) adalah langkah tepat dalam meningkatkan kualiti program ditawarkan.

"Kedua-dua agensi ini mempunyai kepakaran dalam bidang pengurusan kewangan. Perkongsian ini penting bagi Uniten memperkukuhkan program menerusi Kolab Pemurungan Perniagaan dan Perakamaan (Coba)."

"Coba memulakan operasi 10 tahun lalu 1998 apabila Uniten berkolaborasi dengan SIDC, memulakan program dan perkhidmatan M&A di antara United Degree School dan ACCA di Kuala Lumpur, Sarawak dan Johor Bahru."

CMSRL licence holders must complete 4 mandatory modules

To facilitate development of critical skills that would boost the quality of service and value

KUALA LUMPUR: Capital market and services representative licence (CMSRL) holders dealing in securities must complete four mandatory equity modules offered under the Securities Industry Development Corporation (SIDC) system from January 2008.

"Intermediaries must hone their critical skills or run a real risk of being marginalised by the changing environment and increasing competition," he said in a statement yesterday.

The CMSRL is a new single licence introduced by the Securities Commission under the Capital Markets & Services Act 2007 (CMSA) that came into force on Sept 28, 2007.

Zinkin said existing CMSRL holders dealing in securities would need to complete the four mandatory equity modules by 2011, while those who

Markets; Essentials of Fundamental Analytics I: Analysing Company Performance; Corporate Strategic Analytics I: Essentials of Corporate Proposal Analysis; and Corporate Governance and Ethics; Strengthening Professionals through Ethics.

They are part of 25 modules, of which 12 are core and 13 are electives. All modules earn 10 CPE points. By attending at least one of the four mandatory core modules each year, intermediaries will earn 10 of the 20 CPE points required to keep their licence valid.

nationally accredited certification.

"What sets the ITI apart from previous programmes is that it is focused on outcomes as opposed to inputs, and on enhancing not just their technical skills but also their interpersonal competencies. This competency-based approach is critical to their ability to continue to add value in the future.

"Merging the two sets of core skills — technical and interpersonal — in a seamless manner like this has not been done before in the UK, Australia or even in Canada."

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for the period from 12 March 2007 (date of incorporation)
to 31 December 2007

The Directors hereby submit their first report and the audited financial statements of the Company for the period from 12 March 2007 (date of incorporation) to 31 December 2007.

PRINCIPAL ACTIVITIES

The Company supports the Securities Commission (“SC”) and Bursa Malaysia in the creation of a vibrant Malaysian capital market. The company has four principal activities; promotion of investor education (both retail and institutional), training and development of SC licensed capital market intermediaries, training and development of emerging market regulators and training of directors of public listed companies. It also aims to develop and support high quality research relating to the financial services industry.

RESULTS

	RM
Net surplus for the period	109,394

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the period under review.

DIVIDEND

No dividend was paid during the period and the Directors do not recommend any dividend to be paid for the financial period under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of incorporation are:

Dato' Zarinah Anwar (First Director)

Dato' Yusli Mohamed Yusoff (First Director)

Dato Dr. Nik Ramlah Nik Mahmood (First Director)

DIRECTORS' BENEFITS

Since the date of incorporation, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial period which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

At date of incorporation, the Company did not issue any shares since it is a company limited by guarantee.

for the period from 12 March 2007 (date of incorporation)
to 31 December 2007

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were drawn up, the Directors took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

As of the date of this report, the Directors of the Company are not aware of any circumstances:

- i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

As of the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Company for the financial period ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Zarinah Anwar



Dato Dr. Nik Ramlah Nik Mahmood

Kuala Lumpur,

22 May 2008

statement by directors

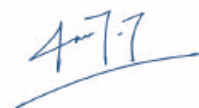
Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 53 to 65 are drawn up in accordance with the provision of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Company at 31 December 2007 and the results of its operations and cash flows for the period ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Zarinah Anwar



Dato Dr. Nik Ramlah Nik Mahmood

Kuala Lumpur,

22 May 2008

statutory declaration pursuant to

Section 169(16) of the Companies Act, 1965

I, **John Zinkin**, the officer primarily responsible for the financial management of Securities Industry Development Corporation, do solemnly and sincerely declare that the financial statements set out on pages 53 to 65 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 Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 22 May 2008.



John Zinkin

Before me

report of the auditors

to the members of Securities Industry Development Corporation

We have audited the financial statements set out on pages 53 to 65. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

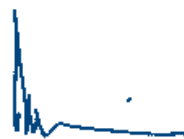
- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Company at 31 December 2007 and the results of its operations and cash flows for the period ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



KPMG
Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur,

22 May 2008



Johan Idris
Partner
Approval Number: 2585/10/08(J)

balance sheet

at 31 December 2007

	Note	2007 RM
Assets		
Property, plant and equipment	3	206,656
Total non-current assets		206,656
Receivables	4	1,429,847
Cash and cash equivalents	5	15,720,689
Total current assets		17,150,536
Total assets		17,357,192
Equity		
Accumulated surplus		109,394
Total equity		109,394
Liabilities		
Long term prepaid expenses	6	13,525,686
Total non-current liabilities		13,525,686
Payables and accruals	7	3,667,514
Current tax liabilities		54,598
Total current liabilities		3,722,112
Total equity and liabilities		17,357,192

The notes set out on pages 57 to 65 are an integral part of these financial statements.

income statement

for the period from 12 March 2007 (date of incorporation)
to 31 December 2007

	Note	12.3.2007 to 31.12.2007 RM
Income		
Training industry		1,888,122
Examination fees		503,593
Sale of publication		23,881
Rental income		107,274
Income received from fixed deposits		162,726
Other income		1,266
<hr/>		
Amortisation of long term prepaid expenses	6	2,686,862 4,444,314
<hr/>		
7,131,176		
<hr/>		
Less: Expenditure		
Events expenses		3,593,106
Staff costs	8	2,812,112
Administration expenses		561,966
<hr/>		
6,967,184		
<hr/>		
Surplus before taxation	9	163,992
Taxation	10	(54,598)
<hr/>		
Net surplus for the period		109,394

The notes set out on pages 57 to 65 are an integral part of these financial statements.

statement of changes in equity

for the period from 12 March 2007 (date of incorporation)
to 31 December 2007

	Accumulated surplus RM
At 12 March 2007 (date of incorporation)	-
Net surplus for the period	109,394
At 31 December 2007	109,394

The notes set out on pages 57 to 65 are an integral part of these financial statements.

cash flow statement

for the period from 12 March 2007 (date of incorporation)
to 31 December 2007

	Note	12.3.2007 to 31.12.2007 RM
Cash flows from operating activities		
Surplus before taxation		163,992
Adjustment for:		
Amortisation of long term prepaid expenses	6	(4,444,314)
Depreciation of property, plant and equipment	3	18,077
Interest income		(162,726)
Deficit before changes in working capital		(4,424,971)
Changes in working capital:		
Receivables		(1,399,737)
Payables and accruals		3,667,517
Net cash used in operating activities		(2,157,194)
Cash flows from investing activities		
Interest received		132,616
Purchase of equipment	3	(224,733)
Net cash used in investing activities		(92,117)
Cash flows from financing activities		
Grants	6	17,970,000
Net cash from financing activities		17,970,000
Net increase in cash and cash equivalents		15,720,689
Cash and cash equivalents at date of incorporation		-
Cash and cash equivalents at 31 December 2007		15,720,689

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amount:

	Note	2007 RM
Cash and bank balances	5	220,689
Deposits placed with licensed bank	5	15,500,000
		15,720,689

The notes set out on pages 57 to 65 are an integral part of these financial statements.

Securities Industry Development Corporation is a company limited by guarantee, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

3, Persiaran Bukit Kiara,
Bukit Kiara,
50490 Kuala Lumpur.

Registered office

Suite 13.03, 13th Floor,
Menara Tan & Tan,
207 Jalan Tun Razak,
50400 Kuala Lumpur.

The Company supports the SC and Bursa Malaysia in the creation of a vibrant Malaysian capital market. The company has four principal activities; promotion of investor education (both retail and institutional), training and development of SC licensed capital market intermediaries, training and development of emerging market regulators and training of directors of public listed companies. It also aims to develop and support high quality research relating to the financial services industry.

The financial statements were approved by the Board of Directors on 22 May 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007, and that have not been applied in preparing these financial statements.

FRSs / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates</i> - <i>Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market</i> - <i>Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

1. Basis of preparation (continued)

The Company plans to apply the rest of the abovementioned FRSs and Interpretations, where applicable, for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments: Recognition and Measurement for which the effective date has yet to be announced.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of 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. Actual results may differ from these estimates.

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.

2. Significant accounting policies**(a) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statement.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

2. Significant accounting policies (continued)

(a) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current period are as follows:

- Office equipment 5 years
- Computer equipment 3 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(b) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits (if any).

(d) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(e) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

The Company's contributions to the Employee's Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(f) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(g) Recognition of income and expenditure

All income and expenditure are accounted for on an accrual basis.

(h) Long term prepaid expenses

A grant is recognised initially as long term prepaid expenses when there is reasonable assurance that it will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in the income statements as and when the expenses are incurred.

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(j) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Property, plant and equipment

Cost	Office equipment RM	Computer equipment RM	Total RM
At date of incorporation	-	-	-
Additions	87,079	137,654	224,733
At 31 December 2007	87,079	137,654	224,733
Depreciation			
At date of incorporation	-	-	-
Depreciation for the period	5,047	13,030	18,077
At 31 December 2007	5,047	13,030	18,077
Carrying amounts			
At date of incorporation	-	-	-
At 31 December 2007	82,032	124,624	206,656

4. Receivables

	2007 RM
Amount due from SC	1,399,737
Other receivable	30,110
	1,429,847

5. Cash and cash equivalents

	2007 RM
Cash and bank balances	220,689
Deposits placed with licensed banks	15,500,000
	15,720,689

6. Long term prepaid expenses

	2007 RM
Non-current	
Long term prepaid expenses	13,525,686
Grant from SC	5,000,000
Grant from Capital Market Development Fund ("CMDf")	12,970,000
	17,970,000
Less: Amortisation of long term prepaid expenses	(4,444,314)
At 31 December 2007	13,525,686

6. Long term prepaid expenses (continued)

The Company received two grants during the current financial period and they are as follows:

(i) Grant from SC

SC agreed to provide assistance to the Company in the amount of RM5 million for initial year of incorporation 2007. For subsequent years, such sum granted is to be agreed upon by both the SC and the Company based on a budget proposal to be prepared by the Company, supported by clear justifications and Key Performance Indicators (KPIs).

(ii) Grant from CMDF

CMDF agreed to provide RM12.97 million in the first year while the remaining of RM23.03 million would be disbursed throughout the remaining years up until year 2011. This is due to the fact that the Company shall implement the activities and deliver the products and services defined as the Industry Transformation Initiative (ITI), the Capital Market Graduate Training Scheme (CMGTS) and the Advance Business Management Programme (ABMP) throughout the 5 year period. The Funds are provided solely for financing the development, implementation and administration of the projects, including any expenses and shall not be used for any other purpose unless approved by the CMDF.

7. Payables and accruals

	2007 RM
Other payables	50,500
Amount due to SC	3,617,014
	3,667,514

8. Staff costs

	12.3.2007 to 31.12.2007 RM
Employees Provident Fund	335,951
Other staff costs	2,476,161
	2,812,112

The number of employees of the Company at the end of the period was 38.

9. Surplus before taxation

	Note	12.3.2007 to 31.12.2007 RM
Surplus before taxation is arrived at after charging:		
Auditor's remuneration		15,000
Depreciation on property, plant and equipment	3	18,077
Management fee		142,200
<hr/>		
and after crediting		
Amortisation of long term prepaid expenses	6	4,444,314
Rental income		107,274
<hr/>		

10. Taxation

	12.3.2007 to 31.12.2007 RM
Current tax expense	
Current year	54,598
<hr/>	
Reconciliation of effective tax expense	
Surplus before taxation	163,992
<hr/>	
Tax at Malaysian tax rate of 27%	44,278
Effect of changes in tax rate*	181
Non-deductible expenses	5,439
Deferred tax assets not recognised	4,700
<hr/>	
Tax expense	54,598
<hr/>	

* The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent year of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2007 RM
Deductible temporary differences	(23,566)
Unabsorbed capital allowance	28,266
<hr/>	
	4,700
<hr/>	

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

11. Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company are as follows:

	Transactions amount for the period ended 31 December 2007 RM	Balance outstanding at 31 December 2007 RM
Related company		
SC		
- Management fee	142,200	23,700
- Grant	5,000,000	-
CMDF		
- Grant	12,970,000	-

12. Financial instruments**Financial risk management**

The Company has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund.

Credit risk

The Company has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Fixed deposits are placed only with licensed financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed necessary by the Company to finance its operations and to mitigate the effects of fluctuations in cash flows.

12. Financial instruments (continued)

Effective interest rates and repricing analysis

	Effective interest rate per annum %	2007 Total RM
Financial assets		
Deposits placed with licensed banks	3.50	15,500,000

Fair values

In respect of receivables, deposits and prepayments, cash and cash equivalents and payables and accruals, the carrying amounts approximate fair values due to the relatively short term nature of these financial statements.

13. Comparatives

There are no comparative figures as this is the first set of financial statements prepared by the Company since its incorporation.

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