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# Delivering Professional Excellence



[www.sidc.com.my](http://www.sidc.com.my)

ANNUAL  
REPORT  
2009





At SIDC, we see ourselves as a values-driven organisation that is committed to making positive contributions not just to the various markets that we serve but equally to our employees, business partners, the community and other stakeholders. While the need to remain sustainable is central to any business, we believe that it is equally important to create value in meeting market needs in order to remain relevant. As a leading training and development provider for capital markets, we are in the business of delivering 5-star value, the hallmark for excellence.

# Our Vision

To be recognised internationally as the leading training and development provider for capital markets in the Asia-Pacific.

## Contents



2	SIDC Background
4	Chairman's Statement
6	Chief Executive Officer's Statement
12	How Our Values Shape Our Business
14	Our First Role: Educating Investors
18	Our Second Role: Educating Intermediaries
26	Our Third Role: Educating Regulators
29	Our Fourth Role: Educating Directors
30	Our Fifth Role: Talent Development Pipeline
32	Event Highlights
34	SIDC Training Programmes 2009
36	Our Board of Directors
38	Senior Management
42	Corporate Responsibility
44	SIDC in the News
46	Financial Statements

# SIDC Background

**SECURITIES INDUSTRY DEVELOPMENT CORPORATION (SIDC)**, the leading capital markets education, training and information resource provider in ASEAN, is the training and development arm of the Securities Commission Malaysia (SC). It was established in 1994 and incorporated in 2007.

SIDC has been delivering professional excellence for more than 15 years. We organise training programmes for Malaysian and foreign regulators, company directors and market professionals as well as conducting 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 SC, we develop examination questions and modules and conduct licensing examinations as part of the licensing regime for Malaysian capital market intermediaries.



## OUR MISSION

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

1. Educating Malaysian investors so they:
  - a) are protected from fraudulent transactions to the maximum extent possible as informed market participants;
  - b) develop an informed interest in investing based on market and business fundamentals; and
  - c) value good corporate governance and corporate social responsibility (CSR)
2. Developing and training Malaysian capital market intermediaries to meet world class standards, through globally recognised learning programmes and accredited exams, so that they remain relevant through their ability to add value to their clients thereby raising the standards and liquidity in the Malaysian capital market
3. Developing and training emerging market regulators
4. Training directors of public listed companies
5. Building human capital through the graduate talent development pipeline for both the conventional market and the Islamic capital market.



# Chairman's Statement



“Amid the uncertainties and challenges of 2009, it is heartening to observe that SIDC was unrelenting in its commitment to deliver professional excellence.”

**Tan Sri Zarinah Anwar**  
Chairman  
Securities Industry Development Corporation

I take great pleasure in presenting the third annual report of the Securities Industry Development Corporation (SIDC).

Firstly, I am delighted to note that SIDC successfully fulfilled its role in realising the Securities Commission Malaysia's (SC) Investor Education Blueprint to create more knowledgeable and vigilant investors. SIDC more than doubled the reach of its financial literacy programmes, funded by the Capital Market Development Fund (CMDf), with more than 28,000 participants benefiting including students, urban and rural groups, parents, women, the public and private sectors, as well as blue collar workers.

Amid the uncertainties and challenges of 2009, it is heartening to observe that SIDC was unrelenting in its commitment to deliver professional excellence. SIDC continuously invested time, quality and effort in developing and producing the highest quality programmes for capital market intermediaries. "The Non-Executive Directors Development Series: Is it Worth the Risk?" was launched in the second quarter of 2009 and was well received, achieving an average 8.7 rating out of 10 for content and delivery.

Additionally, the Continuing Professional Excellence (CPE) programme saw an increase from 553 to 601 courses offered compared to 2008, while the Industry Transformation Initiative (ITI) evolved to include three new modules, covering Derivatives and Alternative Investments, Islamic Capital Market and Portfolio Management.

SIDC also designed and organised flagship programmes for emerging market regulators on behalf of the SC: the 4th Islamic Markets Programme (IMP) and the 10th Emerging Markets Programme (EMP), which for the first time featured an Open Day to the public and the media. As a result of the success of the 10th EMP, SIDC will be working closely with the International Organisation of Securities Commission (IOSCO) to develop an enhanced version of the EMP for 2010.

Partnering with the Australian Treasury Agency for International Development, SIDC designed and delivered

pilot programmes for the Australian Treasury's multi-lateral East Asia Summit (EAS) and Asia-Pacific Economic Cooperation (APEC) aid projects. The results of this successful partnership were the "APEC - Supporting the Development of a Diversified Institutional Investor Base" and "EAS Capacity Building Pilot Programme: Strengthening the Institutional Development and Function of Securities Market Supervisory Agencies" programmes. These programmes covered knowledge and technical skills for the development of a sound institutional investor base and capital market development and regulation.

In keeping with its mission to build human capital through the graduate talent development pipeline, SIDC and the SC implemented the SC Executive Enhancement and Development (SEED) Programme. Supported by the Second Stimulus Package, the purpose of this initiative was to create 500 jobs over two years in the capital market for Malaysian graduates. The SEED programme caters to the conventional and Islamic capital markets via three schemes: Graduate Executive Training, Islamic Capital Market Graduate Training Scheme (ICMGTS) and Graduate Development Programme (GDP).

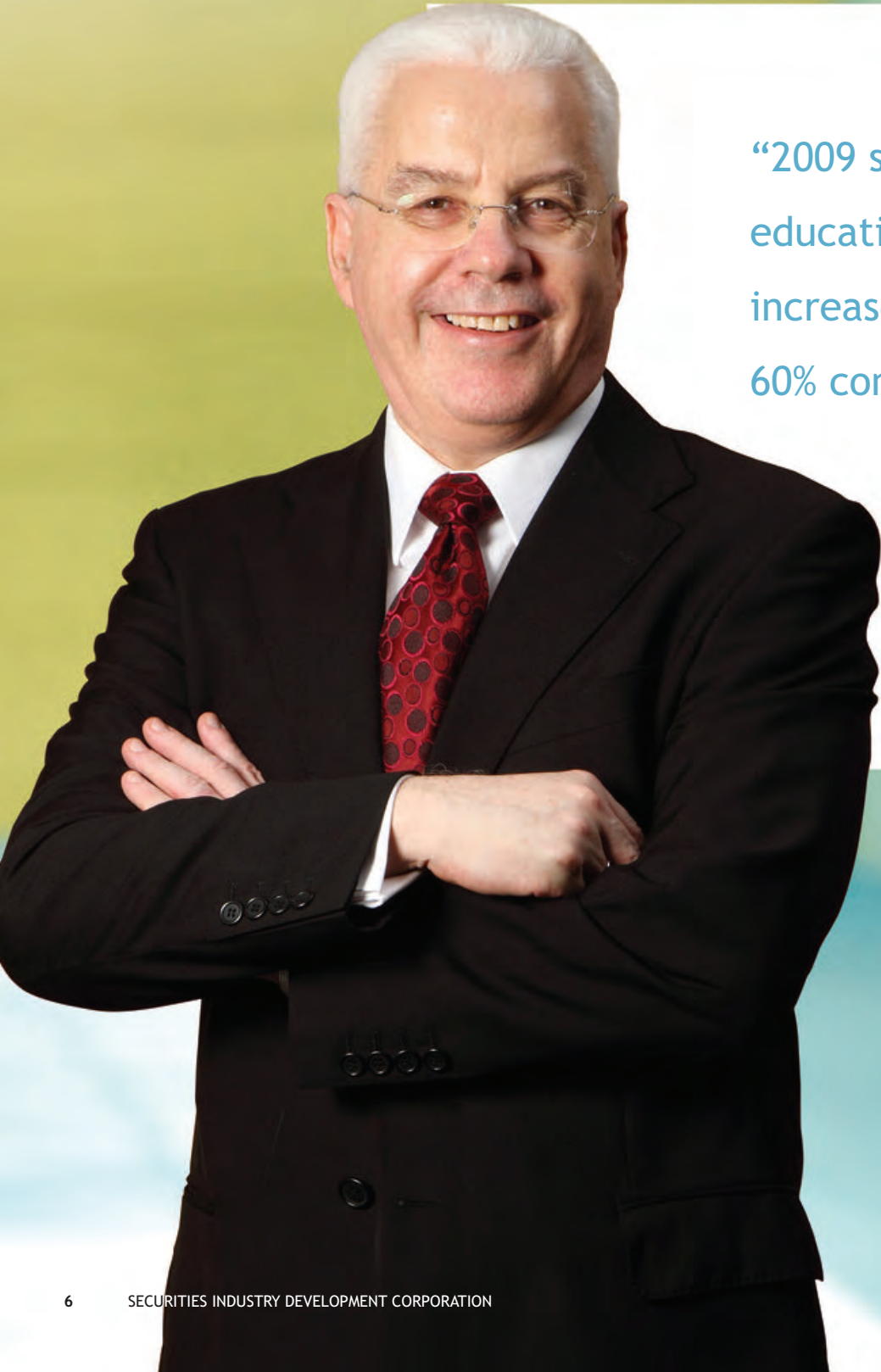
I would also like to congratulate SIDC for successfully ending the year financially stronger than it was at the start. Through hard work, determination and excellent teamwork, performance targets and KPIs were exceeded while new opportunities and collaborations were constantly explored. However, new challenges on the capital market horizon await and there remains much to achieve. SIDC's challenges for 2010 will undoubtedly be greater than in 2009.

I am convinced that SIDC will grow, progress and evolve while continuously making a mark in its long journey of development to deliver professional excellence and establish itself as the emerging capital market regulatory trainer of choice.

Finally, I would like to thank the Board of Directors for their wise guidance and the staff of SIDC for their inventiveness, hard work and dedication.



# Chief Executive Officer's Statement



“2009 saw our investor education outreach increase by more than 60% compared to 2008.”

**John Zinkin**  
Chief Executive Officer  
Securities Industry Development Corporation

## HIGHLIGHTS OF THE YEAR

I am pleased to report that, despite the global financial crisis, SIDC recorded yet another excellent year in 2009 particularly with regard to investor education, and training and development, for strengthening our values and for improving our financial performance. We also met all our KPIs despite having to face a very tough start to the year. Below are the highlights of the year:

### *Investor Education*

2009 saw our investor education outreach increase by more than 60% compared to 2008, and the introduction of a unique inter-varsity money management competition, Campus kaChing! We exceeded all our KPIs, most notably in our Kids & Cash and Teens & Cash programmes, where 20,187 school children were taught the importance of money management. 5,788 people attended our “Be Money Wise” (B.M.W.) seminars including for the first time, the orang asli community. Overall, our investor education programmes reached more than 29,000 participants. In April, we ran the 3rd Institutional Investors Series with our regular partners Aberdeen Asset Management, BNP Paribas Investment Partners, Nomura Asset Management and a new partner, Credit Agricole Asset Management. The four partners brought in their international top fund management experts who shared their views with 190 local institutional investors on the global financial crisis and the best strategies going forward.

### *Training Licensed Intermediaries*

Following the rollout of eight new modules under the flagship Industry Transformation Initiative (ITI), we were able to run 188 courses that were attended by 16,589 participants. We met the KPIs set by the Capital Market Development Fund (CMDf) on whose behalf SIDC develops and delivers the ITI. 2009 saw a revamped examinations approach as we launched a suite of preparatory programmes in line with our objective of raising the number of successful applicants for licences without lowering the professional standards of the industry in order to achieve quantity without sacrificing quality. Exam questions were reviewed and updated, and 223 computer-based exams were conducted without any mishaps.

### *Training Regulators*

In Kuala Lumpur, SIDC once again developed and organised successful programmes for emerging market regulators on behalf of the SC. They include the 4th Islamic Markets Programme (IMP) that was attended by 40 participants from 15 countries and the 10th Emerging Markets Programme (EMP) that was attended by 51 participants from 19 countries. Both programmes continue to be sponsored by the Malaysian Technical Cooperation Programme (MTCP).

## Chief Executive Officer's Statement (Cont'd)



We made headway in overseas markets as well. This is as evidenced by the successful completion in February 2009 of a consulting project for the Capital Markets Authority in Saudi Arabia that started in 2008 and launch of the first multi-lateral programmes in Vietnam and Cambodia under the Asia Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS) banners for emerging market regulators with the Australian Treasury, our new partner-client. Given that these new programmes were very well received and highly regarded, we will be increasing the programme frequency and expanding the scope in 2010 and beyond.

### *Directors' Training*

We launched the highly successful Non-Executive Directors Development Series (NEDDS): "Is It Worth the Risk?" that was jointly developed with PricewaterhouseCoopers. It is a unique corporate governance training programme for directors of public listed companies. We conducted six programmes for 127 directors from various backgrounds who gave excellent ratings for this highly sought-after programme.

### *Graduate Training*

SIDC launched two innovative graduate training programmes financed by the CMDF as part of the Government's Second Stimulus Package: The Islamic Capital Market Graduate Training Scheme (ICMGTS) that was designed to attract students to gain an understanding of Shariah principles in the capital market and the Graduate Development Programme (GDP) targeted at students interested in pursuing a career in the capital market. Both programmes are of two years duration, and the high initial success rates suggest that they could be continued after the end of the two years.

### *Strengthening Our Values*

We introduced the "Fit In or Fall Out" programme to ensure that all members of the SIDC family live by our values. As an integral part of practising what we preach, we renovated the offices, adopting an open plan concept that fosters openness and cooperation across departments in order to create a culture of productivity through transparent performance management systems for all to see. In line with our objective to be customer and quality focused by designing and delivering programmes that mirror our brand promise: "Delivering Professional Excellence", 20 of our staff became Certified Training Professionals after undergoing training.

### Improving Financial Performance

Revenue for 2009 rose by 37% from RM13,356,177 to RM18,336,711 while costs rose by 45% from RM11,570,071 to RM16,823,815. Based on our financial results, I am pleased to report that SIDC recorded a surplus of RM1,512,896 and that our shareholders' funds and our cash in bank stand at RM3,418,716 and RM28,794,494, respectively. Our healthy financial position provides us with a reasonable cushion against unforeseen revenue shortfalls and, more importantly, allows us to invest in the development of new programmes in the critical areas of corporate governance and directors' training. It also allows the SC to reduce its financial support as SIDC continues to pursue its journey towards financial self-sufficiency by 2012.

### OUTLOOK FOR 2010

We remain cautiously optimistic with the global economy showing signs of recovery. Already, we expect to train more people for the capital market in anticipation of a market recovery. We will introduce more programmes to cater for this growth as well as focusing on niche programmes targeted at more sophisticated intermediaries and directors. We are doubling the KPI for investor education. We also intend to play a central role in supporting the Islamic capital market (ICM) initiatives to help meet the demand for ICM professionals in Malaysia.

### ACKNOWLEDGEMENT

2009 was indeed a challenging year for us, particularly the first half, due to deteriorating economic conditions as a result of the global financial meltdown. However, members of the SIDC family rose to the occasion by delivering an exceptional performance that speaks volumes of their positive attitude and ability to get things done. Thank you for believing in and living up to our values and for working tirelessly in meeting the KPIs set. Thank you for a job well done. Indeed, I am honoured to lead a team of committed and dedicated employees.

While we are proud of our past successes, clearly we need to prepare for 2010. New KPIs have been set. New challenges await us. But I am confident that together, we will continue to set new benchmarks as we continue to pursue a journey of excellence.

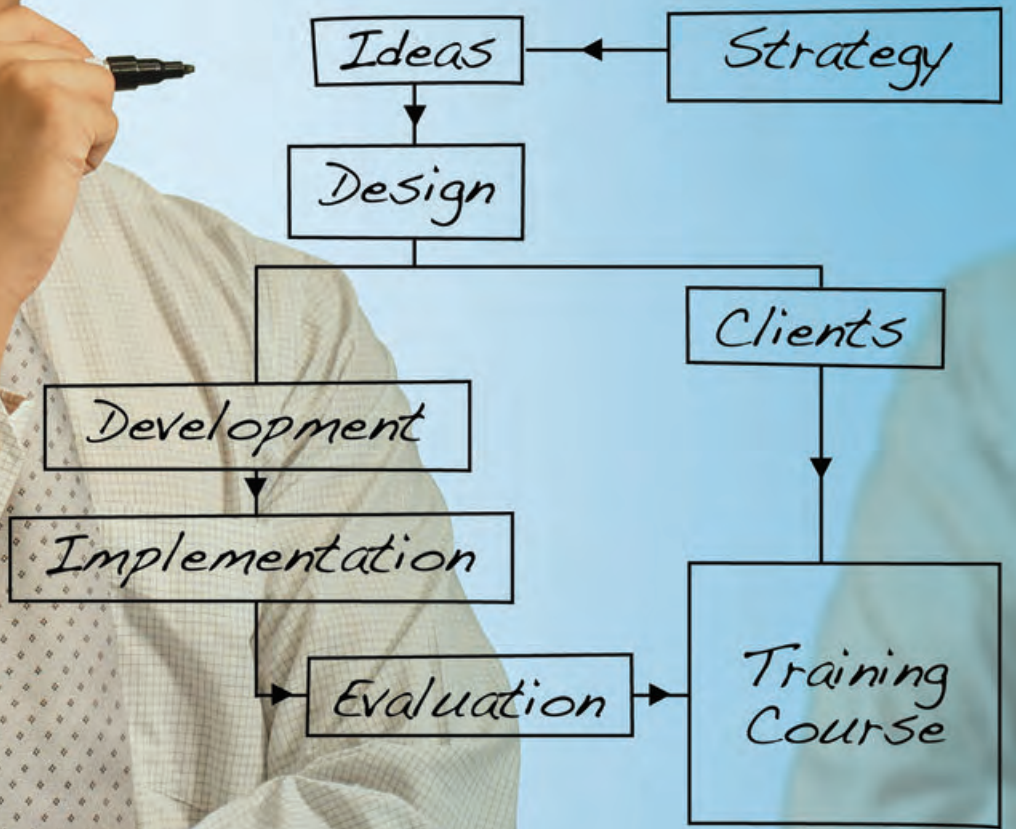
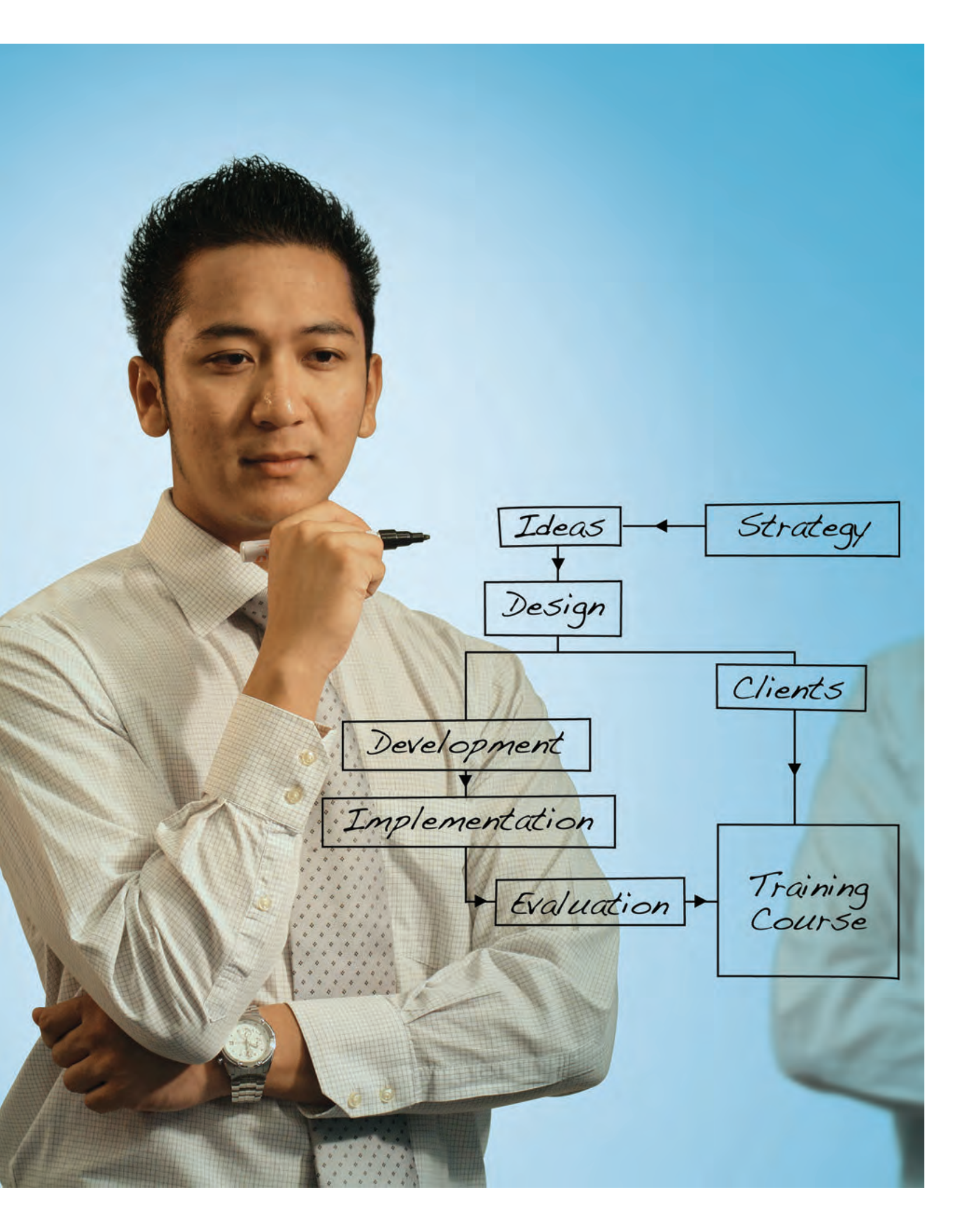


# A passion

for formulating innovative solutions

What drives us is our passion  
to be the best that we can be  
as evidenced by our ability to  
approach things differently in  
arriving at solutions that are  
innovative, unique and  
customised.





# How Our Values Shape Our Business

## CUSTOMER FOCUSED

As a customer-centric organisation, everything that we do revolves around our customers. We have built long and sustained relationships by continuously engaging with our customers, getting their feedback and following up with timely and relevant training programmes that address their needs. For example, in the Industry Training Initiative (ITI) programme, we create value for the intermediaries by helping them increase their professionalism and ethics, helping them to add value to their clients.



## QUALITY FOCUSED

At SIDC, quality is a way of life as evidenced by the delivery of quality programmes, implementation of quality processes, availability of quality jobs, recruitment and retention of quality people and relationships with quality partners and vendors. Our rigorous processes and policies that govern the development and delivery of all training programmes have earned us a growing reputation among international organisations as “the training provider” for fellow regulators and government officials from other countries. As an example, we conducted the 10th Emerging Market Programme this year as part of the SC’s initiative towards enhancing human capital development for emerging markets. In ensuring that we deliver quality programmes, we conduct surveys to seek feedback on all our programmes. A good example is the Kids and Cash programme - surveys conducted three months later revealed that 95% of the respondents had changed their spending habits and are now able to differentiate between needs and wants when making purchases.

## INNOVATIVE

As dedicated training and development practitioners, we do not take a “blinkered” approach to our business but one that is in touch with the times. By embracing change and new ideas regardless of their source, offering innovative programmes and taking a more innovative approach to work practices and programme delivery, we remain relevant to the markets we serve. For example, in carrying out the SC’s Investor Education Blueprint, we developed two new programmes that cater to lower secondary school students (Teens & Cash) and campus students (Campus kaChing!), thus enabling us to cover a wider segment of potential investors.



## PERFORMANCE DRIVEN

What drives us is our passion for excellence. We believe in accountability, rewarding performance, seeking continuous improvement and increasing productivity. Our track record, thus far, is a clear validation of our performance as seen from various achievements:

- A total of 29,294 participants from all walks of life benefited from SIDC's financial literacy programmes in 2009 as compared to 17,928 participants in 2008, marking a 64% increase.
- A total of 25,983 participants have been trained under the Industry Transformation Initiative (ITI) programme since its launch in 2007. In 2009, we trained 16,589 participants, an increase of 86% from 2008.
- A total of 17,509 local and international participants attended various SIDC training programmes as compared to 9,818 participants in 2007 and 1,428 participants in 2008.

## RELIABLE

Our stakeholders see us as a reliable partner because we work hard to earn their continued trust and confidence. As an organisation that places a high premium on ethics, transparency and integrity, we keep our promises, meet deadlines and deliver a consistent "on brand" experience. We have met and exceeded the KPIs set by our stakeholders including those set by the Capital Market Development Fund (CMDF) for ITI and investor education. We are committed to meeting our agreed goals through to 2012, whilst ensuring proper deployment of funds in our charge.



# Our First Role: Educating Investors



## FINANCIAL LITERACY PROGRAMMES

SIDC's focus in 2009 was on diversifying and reaching out to a wider audience, whilst ensuring effective reach across investor segments. In supporting the SC's Investor Education Blueprint, we continue to develop and implement financial literacy programmes for three main target groups comprising:

- schools;
- rural communities, blue collar workers and housewives; and
- universities, government agencies and companies.

As a result of new KPIs and new programmes in 2009, we reached out to more than 28,000 participants.



## Kids & Cash

The Kids & Cash programme played a pivotal role in instilling the right spending habits among school children and was a huge success given the overwhelming response from the target audience. This resulted in the KPI being revised to 20,000 (inclusive of the Teens & Cash pilot project). A total of 19,010 school children throughout Malaysia, aged 10 to 12, participated in the Kids & Cash programme where they were taught useful and fun lessons on money management. Interpersonal skills were also seamlessly integrated into the programme, providing students with an opportunity to explore their potential in a fun-filled environment. A total of 1,177 students also participated in the Teens & Cash programme. Surveys conducted three months after the school children participated in the Kids & Cash programme revealed the following:

- 95% of them started saving or saved more after attending the programme; and
- 95% of them were able to differentiate between needs and wants when making a purchase.

## Cash@Campus

The programme aims to educate students on money management and provide them with the necessary exposure to wise investing. A total of 2,109 students from



various institutions of higher learning attended the Cash@Campus financial management and investment workshops.

### Campus kaChing!

We developed and implemented a new youth-centric programme, namely the first-ever Campus kaChing! It is an annual inter-varsity money management competition that combines speech and song writing skills. A total of 15 universities submitted their entries for the competition, with the final competition taking place in 2010.

### Money@Work

The Money@Work programme was attended by 1,210 employees from various government institutions. Focusing on money management and smart investing, these seminars were conducted more frequently and for relatively smaller groups than that of our other programmes.

### B.M.W. (Be Money Wise) Seminars for Parents

A total of 10 B.M.W. seminars for parents were conducted nationwide. The seminars were a hit among parents as evidenced by the attendance of 1,172 participants.

### B.M.W. (Be Money Wise) Seminars for Women

To help women become financially independent, we conducted eight B.M.W. seminars for women. Held in the third and fourth quarters of the year, 1,530 women attended the seminars.

### Seminars for Blue Collar Workers and the Rural Community

We visited various factories, offices, hospitals, FELDA estates and even prisons to conduct seminars on debt management as well as scam avoidance and resistance. This is in recognition of the importance of increasing the level of financial awareness among these segments of the community. The seminars were delivered in an interactive manner, using workbooks and visual aids. A total of 1,527 blue collar workers and 1,559 members of the rural community participated including the orang asli (indigenous) community and people with special needs.

## Our First Role: Educating Investors (Cont'd)

### Media Articles

A total of 58 media articles were published in various local newspapers and magazines such as *Berita Harian*, *Harian Metro*, *Maskulin*, *Money Compass*, *Smart Investor* and *Pa & Ma* magazine. The media articles focused on a wide range of topics including smart investing, the basics of financial management and spotting fraudulent investment schemes.

In supporting SIDC's efforts to educate Malaysian investors so they value good corporate governance, John Zinkin, CEO of SIDC wrote a fortnightly column in the StarBiz section of *the Star* newspaper titled, "Whose Business is it Anyway?" A total of 26 articles focusing on corporate governance and board responsibilities were published.

### Educational Leaflets

We developed four new engaging and reader-friendly leaflets. A total of 214,256 leaflets were distributed to the public. The titles of the leaflets are:

- *How to Check Out a Listed Company;*
- *Secrets of Savvy Investors: Unit Trust Investing;*
- *Questions that Every Unit Trust Investor Must Ask;*  
and
- *How to Spot Scams.*

### Malaysian Investor Website ([www.min.com.my](http://www.min.com.my))

The MIN website, which serves as the main point of reference for the Malaysian investing public underwent a major revamp to be more customer-focused and efficient. The re-launched website was promoted in various media resulting in an increased hit rate with 1.5 million hits registered in December.

### Creating Awareness on Money Management

To cap a successful and productive year, a series of infomercials promoting money management and wise investing were broadcasted on various TV channels, namely TV3, TV9, ASTRO and Hot FM. A total of 1,139 infomercial spots were placed. The outcome was very encouraging as many participants displayed good brand recall of the educational programmes after viewing the Kids & Cash infomercials, aired on TV3.



## Financial Literacy and Investor Education Initiatives in 2009 and 2008

Programme	Description	Number of Participants		
		2009 Reach	2009 Target	2008 Reach
Kids & Cash and Teens & Cash	<ul style="list-style-type: none"> <li>A fun, interactive and engaging programme aimed at inculcating a money management culture and a basic understanding of investments.</li> </ul>	20,187	20,000	10,000
B.M.W. (Be Money Wise) Seminar	<ul style="list-style-type: none"> <li>A practical and sensible programme that helps parents, rural communities, blue collar workers and women to understand money management, increase familiarity with investing, create awareness of investors' rights and responsibilities, and resistance to scams.</li> </ul>	5,788	5,500	5,862
Cash@Campus	<ul style="list-style-type: none"> <li>A programme specially tailor-made for university students to increase their capacity in managing savings and developing investment capability.</li> </ul>	2,109	2,000	2,054
Money@Work	<ul style="list-style-type: none"> <li>A basic hands-on programme where employees of public and private organisations learn how to take control of their finances and plan for a safe and secure future.</li> </ul>	1,210	1,000	1,041

### 3rd Institutional Investors Series (IIS) 2009

SIDC in collaboration with its programme sponsors - Credit Agricole Asset Management, Aberdeen Asset Management, BNP Paribas Investment Partners and Nomura Asset Management organised the 3rd IIS seminar in 2009 based on the theme, "Where to Next?"

Supported by the Securities Commission Malaysia (SC), IIS 2009 saw Mr. Takumi Shibata, Deputy President & COO of Nomura Holdings Inc and Nomura Securities Co. Ltd. share his experience regarding Nomura's acquisition of Lehman Brothers. Mr. Shibata is widely credited as the driving force behind the acquisition of the failed Wall Street giant's Asian and European operations. Other leading international experts also shared their views on the recent financial crisis and insights on the market outlook as well as strategies and techniques in challenging times.

The IIS 2009 drew 190 participants from asset management companies, investment banks, institutional investors, stockbroking companies, government agencies and government-linked companies.

# Our Second Role: Educating Intermediaries

## SC LICENSING EXAMINATION PREPARATORY COURSES

The SC Licensing Examination Preparatory Courses are designed to prepare candidates to sit for SC Licensing Examinations. Led by subject matter experts, the topics covered are in accordance with the SC licensing examination for their respective modules.

A total of four new preparatory courses were introduced in 2009:

1. SC Licensing Examination Preparatory Course (Module 9): Funds Management Regulation
2. SC Licensing Examination Preparatory Course (Module 10): Asset and Funds Management
3. SC Licensing Examination Preparatory Course (Module 14): Futures and Options
4. SC Licensing Examination Preparatory Course (Module 16): Rules and Regulations of Futures and Options

The enhanced preparatory courses offered participants the opportunity to experience the Computer-Based Examination (CBE) first-hand with sample question sets followed by a revision and feedback session with the speakers to ensure effective learning.

A total of 17 preparatory courses were conducted, attended by 312 participants.

## SC LICENSING EXAMINATIONS - COMPUTER BASED EXAMINATIONS

SIDC continued to conduct and administer the SC licensing examinations through CBE sessions. In 2009, with a view to continually improve and enhance the efficiency of the administration and conduct of the examinations, we reviewed the CBE system and introduced value-added services such as the immediate release of examination results, the release of examination scores and the automation of various other processes. We conducted 223 examination sessions for the 13 SC licensing examination modules in various locations in Malaysia. Apart from Kuala Lumpur, the examinations were held in Penang, Johor Bahru, Kuantan, Kuching and Kota Kinabalu to ensure easy access to examinations centres for candidates across the country. A total number of 3,908 candidates sat for the examinations throughout the year.



### SC Licensing Examination Modules Conducted in 2009 and 2008

SC Licensing Examinations		Number of Candidates	
		2009	2008
Module 6	Stock Market and Securities Law	819	963
Module 7	Financial Statement Analysis and Asset Valuation	933	1,046
Module 9	Funds Management Regulation	275	292
Module 10	Asset and Funds Management	294	291
Module 11	Fundamentals of Compliance	134	170
Module 12	Investment Management and Corporate Finance	387	450
Module 14	Futures and Options	397	343
Module 15*	Investment Advisory (Rules and Regulations)	-	178
Module 16	Rules & Regulations of Futures and Options	386	399
Module 17	Securities and Derivatives Trading (Rules and Regulations)	13	7
Module 18	Securities and Derivatives Trading (Products and Analysis)	10	5
Module 19	Advisory Services (Rules and Regulations)	164	135
Module 19A	Advisory Services (Rules and Regulations) - Part A	82	29
Module 19B	Advisory Services (Rules and Regulations) - Part B	14	10
<b>Total</b>		<b>3,908</b>	<b>4,318</b>

\* In August 2008, Module 15 was replaced with Module 19 Advisory Services (Rules and Regulations), Module 19A Advisory Services (Rules and Regulations) - Part A and/or Module 19B Advisory Services (Rules and Regulations) - Part B.

## Our Second Role: Educating Intermediaries (Cont'd)

### INDUSTRY TRANSFORMATION INITIATIVE (ITI)

The Industry Transformation Initiative (ITI), a five-year project funded by the Capital Market Development Fund (CMDf), was launched in July 2007 with the objective of enhancing market professionalism by strengthening technical skills and interpersonal competencies of market intermediaries to boost investor confidence.

The ITI is an integrated curriculum-based development programme for capital market intermediaries. The modules are designed specifically to meet the unique requirements of different job groupings in the industry. Developed by SIDC, the ITI is intended to complement rather than replace the training that should be offered to market professionals by third parties.

The objectives of the ITI curriculum are to:

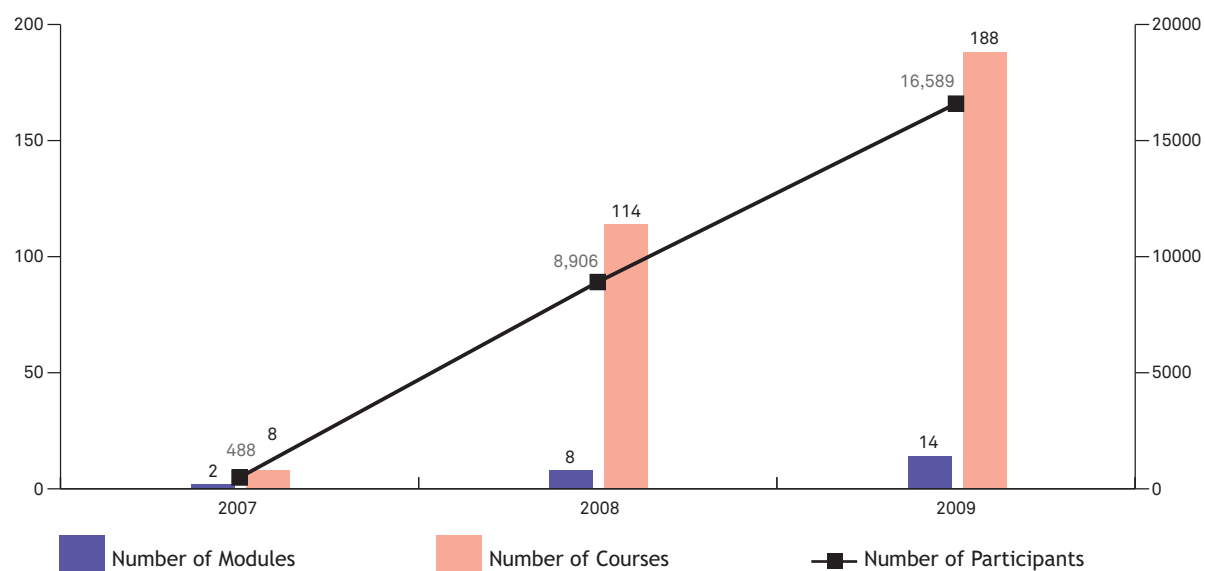
- stimulate meaningful discourse among participants on the factors that relate to and shape the capital market in Malaysia;
- create learning outcomes that support the development of new competencies which are portable across the industry; and
- change participants' behaviour thereby adding value to their clients through the use of their newly-acquired knowledge to give appropriate advice.

The modules available provide opportunities for individual work, group projects, interactive discussions, action planning and job related activities. We ensure that all of the ITI modules offered are current and relevant by seeking industry feedback through regular focus groups.

In 2009, 188 courses comprising 14 modules were conducted as compared to 114 courses comprising eight modules in 2008. Overall, the courses were rated an average of 4.14 (Good to Excellent).



## Industry Transformation Initiative (ITI) Courses conducted from 2007 to 2009



## Industry Transformation Initiative (ITI) Modules Conducted in 2009

Module code	Module Title	Number of Courses	Number of Participants
EQ01	Economics and Capital Markets I: Forces Shaping the Global Capital Markets	42	4,278
EQ02	Essential of Fundamental Analytics I: Analysing Company Performance	31	3,028
EQ03	Corporate Strategic Analytics I: Essentials of Corporate Proposal Analysis	47	4,271
EQ04	Corporate Governance and Ethics: Strengthening Professionalism through Ethics	48	3,315
EQ05*	Economics and Capital Markets II: Macroeconomic Analytics - Clues to the Future	2	73
DA01*	Structured Products and Hybrids I: Framework and Concepts	1	13
DA03*	Risk Management: Analysing Risks in Derivatives Trading	1	48
DE01	Debt Capital Market: Understanding the Bond Market	2	47
ICM01*	Islamic Capital Market: Financial Philosophy & Jurisprudence	2	111
ICM02*	Islamic Capital Market: Islamic Equity Products	3	297
ICM03*	Islamic Capital Market: The Sukuk Market	3	373
FP01	Financial Planning: Putting Theory into Practice	1	622
PM01*	Portfolio Management: Designing an Equity Strategy	2	55
PM02*	Portfolio Management: In Pursuit of Performance and Returns	3	58
<b>Total</b>		<b>188</b>	<b>16,589</b>

\* New ITI modules introduced in 2009



## Our Second Role: Educating Intermediaries (Cont'd)

### CONTINUING PROFESSIONAL EDUCATION (CPE)

Continuing Professional Education (CPE) is a mandatory post-licensing requirement for Capital Markets and Services Representative's Licence (CMSRL) holders, which aims to promote a culture of learning and continuous improvement among market professionals. Through the CPE programme, it is intended that investors will gain assurance that licensed persons have the technical knowledge, professional skills and ethical standards required to perform their functions effectively, efficiently and fairly.

### MANAGING CPE

The CPE Secretariat continued to manage all CPE course applications and training providers nationwide. The majority of the CPE-approved courses were conducted in Kuala Lumpur and Selangor as most of the CMSRL holders are based in the Klang Valley. A total of 601 CPE-approved courses were conducted in 2009 as compared to 553 courses in 2008. Of the total, 77% (464 courses) was in the Market Development category i.e. on economic outlook, capital market products and services, corporate finance, and investors and shareholders; while 23% (137 courses) was in the Market Regulations category i.e. on regulatory, risk and corporate governance issues. A total of 26,068 participants attended the courses, of which 16,658 were CMSRL holders. The total figure included multiple counting of CMSRL holders who attended more than one CPE-approved courses.

A total of 26,068 participants attended the courses, of which 16,658 were CMSRL holders. The total figure includes a repeat number of CMSRL holders who attended more than one CPE-approved course.

### CPE-approved Courses Conducted in 2009 and 2008

Course Category	CPE Courses Conducted			
	2009	2009	2008	2008
	Number of Courses	Number of Participants	Number of Courses	Number of Participants
Market Development	464 (77%)	19,594 (75%)	459 (83%)	22,909 (83%)
Market Regulations	137 (23%)	6,474 (25%)	94 (17%)	4,826 (17%)
<b>Total</b>	<b>601</b>	<b>26,068</b>	<b>553</b>	<b>27,735</b>

## CPE NATIONWIDE AUDIT

The CPE Secretariat conducted a CPE Nationwide Audit from December 2008 to March 2009. The purpose of the audit was three-fold:

- to assess the quality of speakers' delivery;
- to determine the quality of the participants' learning materials; and
- to assess the overall administration of the CPE-approved courses.

The audit involved a total of 45 CPE-approved courses organised by 26 training providers that were attended by 1,233 participants. The audit's valuable insights enabled the Secretariat to identify key areas of improvement that will enhance the quality of future CPE-approved courses.

## REVIEWING THE CPE FRAMEWORK

The CPE Secretariat conducted an in-depth improvement study to enhance the current CPE framework in areas of intermediaries' needs, point collection methodology, quality assurance of training providers, principles of accreditation and framework suitability. This is in recognition that there is a strong need to develop a new approach in human capacity building to cater for a robust capital market. The capital market, being an intensive knowledge-based industry, requires talented and innovative intermediaries who are able to create products and services that meet the risk reward profiles of issuers and investors. The revised framework, scheduled for implementation by 2011 will be known as Continuing Professional Development (CPD).

## Our Second Role: Educating Intermediaries (Cont'd)

### BUMIPUTERA TRAINING FUND

The Bumiputera Training Fund (BTF) was established in 1997 with the objective of providing training for bumiputera employees of stockbroking companies. With contributions of RM1 million each from the SC and Bursa Malaysia and RM50,000 from each of the stockbroking companies, the BTF, via SIDC, organises training programmes for the benefit of bumiputera employees of all levels of stockbroking companies to enhance their technical knowledge and interpersonal skills. The Education Committee, Finance Committee and Board of Trustees oversee the BTF to ensure it is well managed by SIDC.

In June, a Training Needs Analysis was conducted by the Association of Stockbroking Companies Malaysia (ASCM) to identify the training needs of bumiputera remisiers and paid dealer's representatives. As a result, the programmes under the BTF were re-classified into three categories, namely Capital Market Regulations, Capital Market Development and Personal Enhancement courses, from the earlier four categories.

A total of 28 stockbroking companies enrolled their bumiputera employees in various BTF training courses. The total number of participants recorded for the year increased by 9% from 2008 to 1,367 participants. A total of 82 courses were conducted in 2009, representing a 12% increase over the previous year. The number of paid dealer's representatives participating in BTF courses in 2009 rose significantly by 74% while slightly lower numbers were recorded for remisiers and trainee dealer's representatives.

#### Breakdown of BTF Course Participants

Group	2009	2008
Remisiers	396	407
Executives	317	307
Paid dealer's representatives	427	246
Support Staff	147	158
Managers and above	50	101
Trainee dealer's representatives	30	31
<b>Total</b>	<b>1,367</b>	<b>1,250</b>

## BUMIPUTERA DEALER REPRESENTATIVES EDUCATION FUND

The Bumiputera Dealer Representatives Education Fund (BDREF), launched in July 2003, aims to equip the capital market with an enhanced pool of professionally qualified bumiputera dealer's representatives who want to advance their careers through better technical knowledge and skills.

Under the fund, applicants for the BDREF stand to benefit from full financing of professional qualification courses such as the Chartered Financial Analysts (CFA), Certified Financial Planning (CFP) and Members of Society for Technical Analyst (MSTA).

As with the BTF, the implementation of the BDREF is also overseen by an Education Committee, Finance Committee and a Board of Trustees. From 2003 to 2009, 415 bumiputera participants have benefitted from the fund, of which 65 participants received professional certification upon completion of their course.

## SIDC - DELOITTE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) SEMINAR

Recognising the importance and urgency for Malaysian companies to successfully manage the mandatory International Financial Reporting Standards (IFRS) conversion, SIDC together with Deloitte KassimChan organised a one-day seminar, "Managing IFRS in Critical Times: Learning from Global Experiences" where regional experts from Deloitte shared their IFRS implementation experiences.

The seminar was timely, considering that FRS 139 has taken effect from January 2010 and the full set of IFRS will come into force by 2012. The findings of the IFRS conversion exercises globally have shown that the cost of non-compliance can be high. To better prepare Malaysian companies in setting their roadmap to manage the mandatory IFRS transition, regional experts shared their experiences of the pitfalls, challenges and strategies in the seamless implementation of IFRS.

The seminar also included an important panel discussion where representatives of the accounting industry shared their views on the dangers of being unprepared. It was held on 21 July 2009 and attended by 92 key management personnel of publicly listed companies.

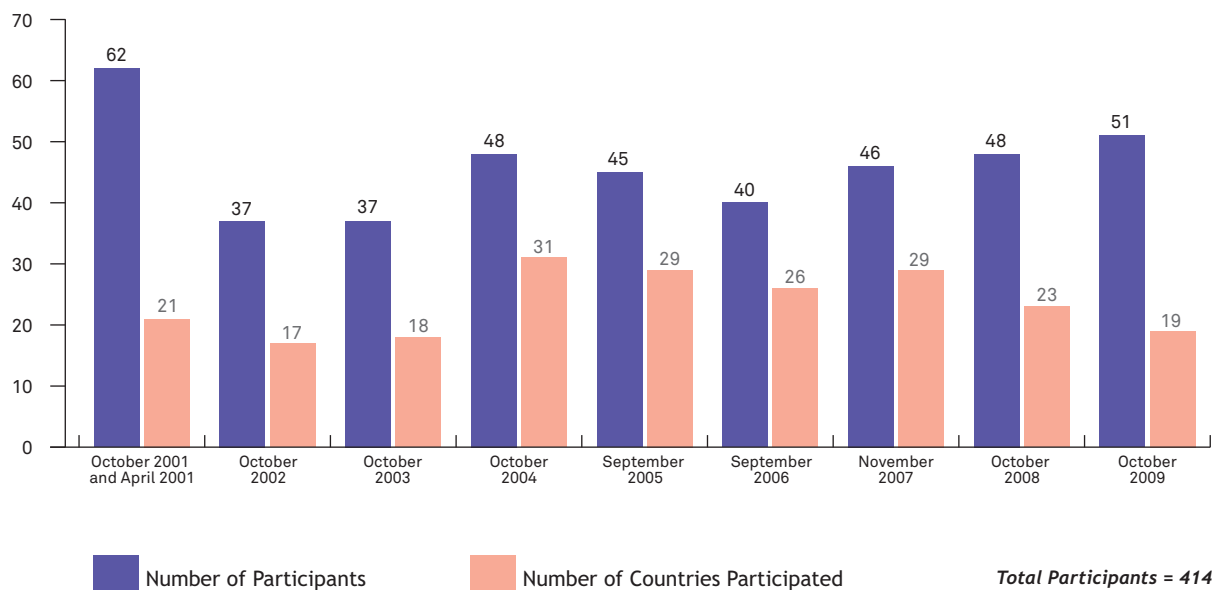
# Our Third Role: Educating Regulators

## EMERGING MARKETS PROGRAMME

The Emerging Markets Programme (EMP) is an SC flagship training programme. The programme demonstrates the SC's commitment to share their experience and knowledge with fellow regulators by providing training and networking platform to emerging market regulators.

The SC and SIDC organised the 10th EMP with the theme, "Managing the Regulatory Pendulum - Striking a balance" on 24 - 30 October 2009. Featuring 28 speakers from nine countries, the programme provided a platform for regulators from around the world to discuss the crisis and ask a challenging question: "How far should the regulatory pendulum swing, where do we strike the balance and keep it through effective enforcement?" 51 senior international capital market regulators from 19 emerging economies attended the week-long programme to share their practical experiences and knowledge on issues affecting emerging capital markets.

### Emerging Markets Programme (EMP) Conducted from 2001 to 2009





The objective of the IMP programme is good. It can go on for a long time and will be the best way forward for new generations.

- Officer from the  
Ministry of Commerce,  
Phnom Penh, Cambodia

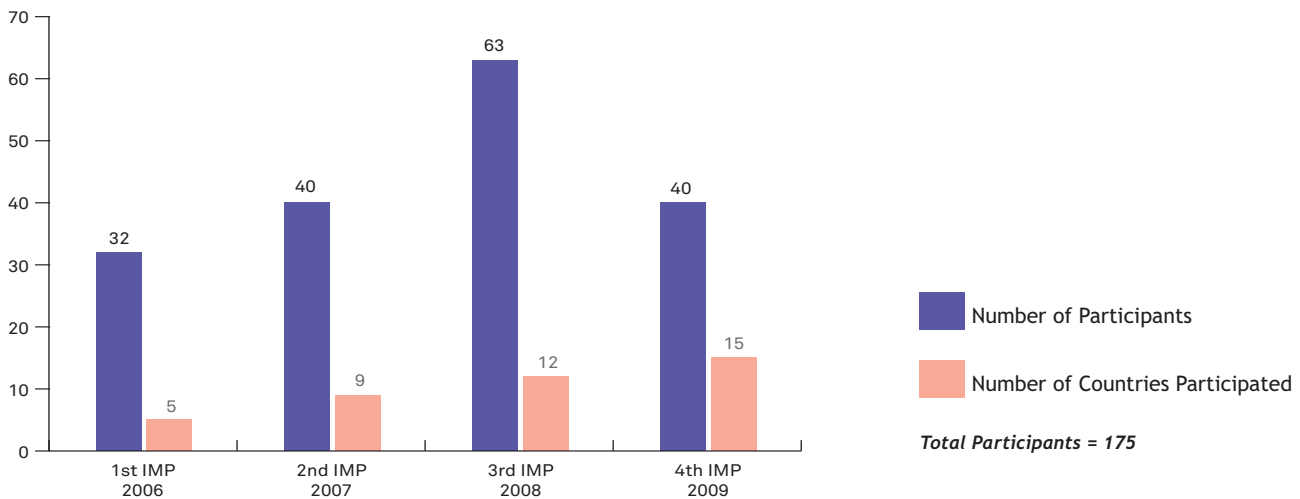
## ISLAMIC MARKETS PROGRAMME

The Islamic Markets Programme (IMP), another SC flagship training programme, forms an integral part of Malaysia's strategy to become a recognised Islamic financial centre of excellence. First organised by the SC and SIDC in 2006, the IMP aims to develop a talent pool and promote knowledge sharing in the Islamic capital market. The five-day programme is designed to equip both intermediaries and regulators alike with knowledge and understanding of the Islamic capital market at both the local and international levels. It provides a platform to discuss topics ranging from product innovation, human capital development, interpretation of Shariah principles to issues of ethics and governance.

The 4th IMP held on 22 - 26 June 2009 was themed, "Seizing Opportunities While Strengthening Resilience". It featured experts who spoke on topics ranging from Islamic wealth management, sukuk issuance and structuring, corporate governance and risk framework in Islamic finance, to contemporary issues such as innovation and cross-border cooperation. The programme also included an Islamic Capital Market Expert Forum where CEOs of leading firms discussed the importance of applying ethics during turbulent times.

IMP 2009 was attended by 40 participants from 15 countries including Australia, Cambodia, Cote d'Ivoire, Croatia, Gambia, Iran, Laos, Kyrgyz Republic, Morocco, Pakistan, Philippines, Republic of Djibouti, Turkey and Uganda.

### Islamic Markets Programme (IMP) Conducted from 2006 to 2009



## Our Third Role: Educating Regulators (Cont'd)

### SIDC INTERNATIONAL CAPACITY BUILDING ASSISTANCE PROGRAMMES FOR APEC AND EAST ASIA SUMMIT COUNTRIES

SIDC designed and delivered two capacity building programmes for securities market regulatory agencies of emerging Asia-Pacific Economic Cooperation (APEC) and East Asia Summit (EAS) member countries. The programmes are in partnership with the Australian Treasury and the Australian Agency for International Development (AusAID). The programmes are:

- APEC - Supporting the Development of a Diversified Institutional Investor Base; and
- EAS Capacity Building Pilot Programme: Strengthening the Institutional Development and Function of Securities Market Supervisory Agencies.

#### APEC - Supporting the Development of a Diversified Institutional Investor Base

**Phase I - Securities Commission Malaysia  
Kuala Lumpur, 24 - 26 March 2009**

**Phase II - Hanoi, Vietnam, 8 - 10 July 2009**

The objective of the programme is to impart knowledge and technical skills for the development of a sound institutional investor base for emerging economies within APEC countries. Officers from each participating economy identified specific institutional investor development challenges relating to policies, systems, management or process issues they face in their respective economies.

The first phase of the programme was attended by 20 participants who are government officers from the five APEC countries, namely, Indonesia, People's Republic of China, Philippines, Thailand and Vietnam. At the end of the workshop, participants were assigned syndication homework to assess their key stakeholder's support of the plan they will develop at their respective organisation. These were reviewed during Phase II.

The second phase of the programme was attended by 15 participants from the four countries, namely, Indonesia, Philippines, Thailand and Vietnam. The second phase

began with a one-day Institutional Investors seminar. It continued with a two-day follow-up workshop that focused on the participant's syndication homework that they developed over the three months period. The CEO of SIDC and a member of SIDC's senior management were among the main speakers and facilitators during the 3-day programme.

#### East Asia Summit (EAS) Capacity Building Pilot Programme: Strengthening the Institutional Development and Function of Securities Market Supervisory Agencies

**Phase I - Phnom Penh, Cambodia  
21 - 23 October 2009**

**Phase II - Securities Commission Malaysia  
Kuala Lumpur, February 2010**

In consultation with The Australian Treasury, SIDC conducted this two - phase programme on capital market development and regulation. The programme, supported by the Securities Commission Malaysia (SC) was based on a 2009 report by the Centre for International Economics, Australia entitled, "Assessment of Financial Sector Capacity Building Needs of East Asia Summit countries". The programme was sponsored by The Australian Treasury and supported by the ASEAN Secretariat. It is targeted at those economies currently developing their newly emerging securities markets. It complements on-going capacity building efforts to strengthen institutional development and functions of securities market supervisory agencies of the EAS countries.

The first phase of the programme was officiated and presided over by His Excellency Deputy Prime Minister and Minister of Economy and Finance Keat Chhon who is also the Chairman of the Securities and Exchange Commission of Cambodia. One hundred participants attended the opening; and 18 officers from the Securities Exchange Commission of Cambodia (SECC), the State Securities Commission (SCC) of Vietnam and the Bank of Laos (BOL) participated in the workshop.

# Our Fourth Role: Educating Directors

## THE NON-EXECUTIVE DIRECTORS DEVELOPMENT SERIES: IS IT WORTH THE RISK?

SIDC in collaboration with PricewaterhouseCoopers (PwC) embarked on an ongoing initiative to develop and equip non-executive directors of the Malaysian public listed companies with the skills and competencies required to effectively carry out their duties in protecting and driving shareholders' value.

The joint initiative, known as The Non-Executive Directors Development Series (NEDDS) consists of progressive training programmes aimed at addressing the varied needs of the directors from various backgrounds and levels of experience.

The first series of the NEDDS programme, titled, "Is it Worth the Risk?" started in the second quarter of 2009. The one-day programme focused on non-executive directors' roles in ensuring compliance and protecting the asset value of their organisation. A total of six sessions were held for 127 participants comprising directors from public listed companies, government linked companies, investment banks and Bursa Malaysia. The sessions were led by Dato' Johan Raslan, Executive Chairman of PricewaterhouseCoopers, Jiv Sammanthan, Senior Executive Director, PricewaterhouseCoopers and John Zinkin, Chief Executive Officer, SIDC. The programme has received an overall rating of 8.7 out of 10 by the participants in terms of its content, delivery, marketing and running of programme.

“ A very good and worthwhile programme for non-executive directors to attend.

- Dato' Noordin bin Md. Noor

“ An excellent session. Every Independent Director should attend.

- Dato' Wong Sulong, Director, Bursa Malaysia





# Our Fifth Role: Talent Development Pipeline

SIDC and the SC introduced the SC Executive Enhancement and Development (SEED) Programme. Supported by the Second Stimulus Package, the purpose of this programme was to create 500 jobs for graduates over two years in the Malaysian capital market. The SEED programme caters to the conventional and Islamic capital markets (ICM) via three schemes: Graduate Executive Training, Graduate Development Programme and Islamic Capital Market Graduate Training Scheme.

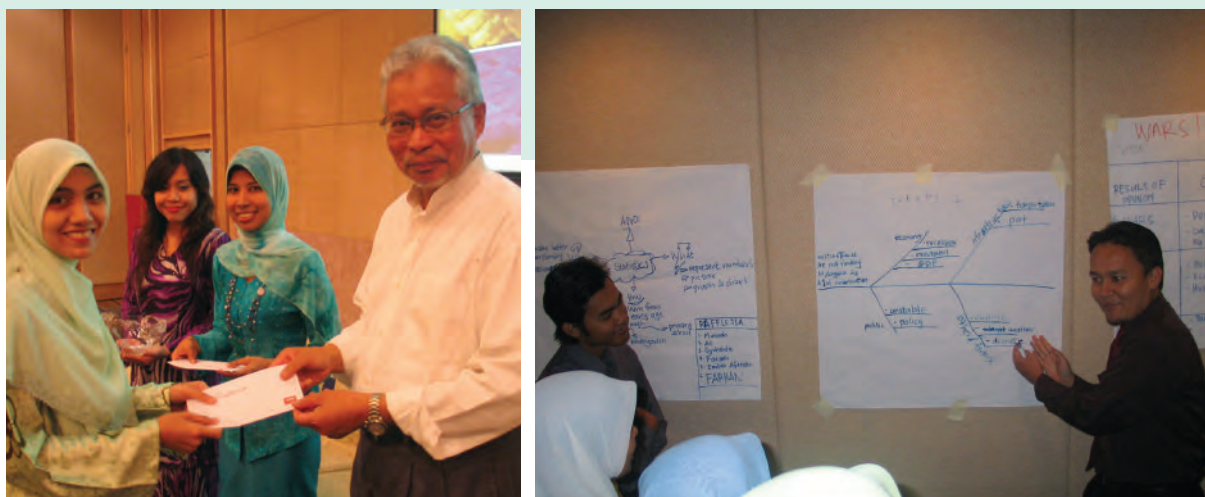
## GRADUATE DEVELOPMENT PROGRAMME

The Graduate Development Programme (GDP) developed by SIDC with funding from the Capital Market Development Fund (CMDF) is a two-year programme that aims to provide training and on-the-job attachment to enhance employability and career mobility in the capital market.

The GDP commenced on 20 July 2009 with Part One comprising an intensive six-week classroom training that provides participants with comprehensive technical knowledge and inter-personal skills. They were also required to sit for the SC Licensing Examination: Module 6 (Stock Market and Securities Law) and SC Licensing Examination: Module 7 (Financial Statement Analysis and Asset Valuation) to enhance their knowledge and increase their viability as potential licensed intermediaries.

The first intake of the GDP saw 35 graduates completing Part One with 83% of the participants rating the part one classroom training as “good to excellent”. Under Part Two, 32 participants were successfully placed at various licensed intermediaries in Kuala Lumpur, Selangor, Penang and Johor to gain relevant experience and exposure to the day-to-day activities of capital market intermediaries.





## ISLAMIC CAPITAL MARKET GRADUATE TRAINING SCHEME

The Islamic Capital Market Graduate Training Scheme (ICMGTS) jointly developed and introduced by the SC and SIDC is funded by the Capital Market Development Fund (CMDf). The programme aims to produce a total of 200 “entry-level professionals” over a period of two years who are well equipped with sound knowledge of the ICM that helps to facilitate the development of ICM in Malaysia. The ICMGTS which consists of two parts are offered to both Shariah and non-Shariah Malaysian graduates with a degree qualification of at least a second class upper or its equivalent in any discipline.

The ICMGTS started on 1 July 2009 with Part One comprising an intensive eight-week training programme that focuses on providing participants with comprehensive technical knowledge and skills in ICM, communication skills, thinking skills, professional etiquette and social skills. The training is delivered through a variety of teaching methodologies including lectures, illustrative examples, case studies, simulation and interaction. Under Part Two, participants were placed with capital market industry intermediaries for 11 months to gain practical experience in an ICM-related field.

The first intake of ICMGTS saw 37 graduates completing Part One, and 29 successfully placed in the industry under Part Two.



# Event Highlights



**24 - 26 March 2009:** Mr. L. Williams, Senior Adviser, International Economy Division, Australian Treasury speaking to the participants from Indonesia, People's Republic of China, Philippines, Thailand and Vietnam at the Segment I workshop in conjunction with the "APEC - Supporting the Development of a Diversified and Sound Institutional Investor Base" programme that was held at the SC.



**8 April 2009:** Jiv Sammanthan from PricewaterhouseCoopers explaining the *Board Toolkits* to non-executive directors during the first series of the NEDDS programme titled, "Is It Worth the Risk?".



**16 April 2009:** Mr. Takumi Shibata, Deputy President & COO of Nomura Holdings Inc and Nomura Securities Co. Ltd. sharing his experience regarding the Lehman Brothers' acquisition during the 3rd Institutional Investors Series held at the SC.



**kids & cash**

**May 2009:** Kids & Cash TV infomercial series was launched to educate school children about smart money management.



**21 - 26 June 2009:** IMP 2009 marked the fourth consecutive year of the SC's flagship programme being held for the local and international ICM practitioners. IMP 2009 was held at the SC with "Seizing Opportunities while Strengthening Resilience" as its theme.



**4 July 2009:** The first B.M.W. (*Bijak Mengurus Wang*) seminars reaching out to orang asli community in Pos Legap.



**9 July 2009:** SIDC's speaker educating secondary school students at Sekolah Menengah Puteri Titiwangsa on smart money management during the Teens & Cash session.



**21 July 2009:** Panel of speakers discussing the IFRS implementation issues in Malaysia at the "Managing IFRS in Critical Times: Learning From Global Experiences" programme.



**1 October 2009:** John Zinkin, CEO of SIDC giving a tour of the office to Tan Sri Zarinah Anwar, Chairman of the SC, Dato' Yusli Mohamed Yusoff, CEO of Bursa Malaysia and Datuk Ranjit Ajit Singh, Managing Director of the SC, during the Official Opening of SIDC's newly renovated office.



**24-30 October 2009:** John Zinkin (right) moderating Dato' Seri Panglima Andrew Sheng's session at the 10th Emerging Market Programme.



**December 2009:** Campus kaChing!, a nationwide inter-varsity money management competition that combines speech and song writing skills was launched in December 2009.

# SIDC Training Programmes 2009

Programme	Target Audience	Number of Participants
3rd Institutional Investors Series: Where to Next?	<ul style="list-style-type: none"> <li>Institutional investors</li> </ul>	190
SC Licensing Examination Preparatory Course (Module 6): Malaysian Stock Market & Securities Law	<ul style="list-style-type: none"> <li>Candidates preparing for Module 6 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	51
SC Licensing Examination Preparatory Course (Module 7): Financial Statement Analysis and Asset Valuation	<ul style="list-style-type: none"> <li>Candidates preparing for Module 7 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	70
SC Licensing Examination Preparatory Course (Module 9): Funds Management Regulation	<ul style="list-style-type: none"> <li>Candidates preparing for Module 9 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	10
SC Licensing Examination Preparatory Course (Module 10): Asset and Funds Management	<ul style="list-style-type: none"> <li>Candidates preparing for Module 10 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	25
SC Licensing Examination Preparatory Course (Module 12): Financial Statement Analysis and Asset Valuation	<ul style="list-style-type: none"> <li>Candidates preparing for Module 12 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	53
SC Licensing Examination Preparatory Course (Module 14): Futures and Options	<ul style="list-style-type: none"> <li>Candidates preparing for Module 14 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	38
SC Licensing Examination Preparatory Course (Module 16): Rules and Regulations of Futures and Options	<ul style="list-style-type: none"> <li>Candidates preparing for Module 16 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	38

Programme	Target Audience	Number of Participants
SC Licensing Examination Preparatory Course (Module 19): Advisory Services (Rules & Regulations)	<ul style="list-style-type: none"> <li>Candidates preparing for Module 19 of the SC Licensing Examination</li> <li>New entrants to the capital market industry</li> <li>Employees of stockbroking and investment firms</li> </ul>	27
Industry Transformation Initiative courses (various modules)	<ul style="list-style-type: none"> <li>Capital Markets Services Representative's Licence (CMSRL) holders</li> <li>Public</li> </ul>	16,589
New Framework for Listings and Fund-Raising	<ul style="list-style-type: none"> <li>Chief Operating Officers</li> <li>Accountants</li> <li>Auditors</li> <li>Company secretaries/Corporate advisers</li> <li>Investment bankers</li> <li>Legal practitioners</li> <li>Principal advisers</li> <li>Stockbrokers</li> </ul>	107
Managing IFRS in Critical Times: Learning from Global Experiences	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Audit Committee members</li> <li>CEOs</li> <li>CFOs</li> </ul>	93
10th Emerging Markets Programme: Managing the Regulatory Pendulum-Striking a balance	<ul style="list-style-type: none"> <li>Local and international regulators</li> </ul>	51
4th Islamic Markets Programme: Seizing Opportunities While Strengthening Resilience	<ul style="list-style-type: none"> <li>Conventional bankers</li> <li>Capital Markets Services Representative's Licence (CMSRL) holders</li> <li>CEOs and senior personnel of companies</li> <li>Staff of government agencies</li> <li>Shariah lecturers or graduates</li> </ul>	40
The Non-Executive Director Development Series (NEDDS): Is It Worth The Risk?	<ul style="list-style-type: none"> <li>Non-executive directors of public listed companies.</li> </ul>	127
<b>TOTAL</b>		<b>17,509</b>

## TAN SRI ZARINAH ANWAR

*Chairman*

*Securities Commission Malaysia*

Tan Sri Zarinah is the Chairman of the Securities Commission Malaysia (SC), a post she assumed on 1 April 2006. She had served as Deputy Chief Executive of the SC and member of the Commission since 1 December 2001.

Tan Sri Zarinah is Vice Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions (IOSCO). She was Chairman of the ASEAN Capital Markets Forum, a grouping of chairmen of ASEAN securities regulators, from 2006 - 2008.

Tan Sri Zarinah currently chairs the Malaysian Venture Capital Development Council (MVCDC) and the Capital Market Development Fund (CMDf). She is also a member of the Labuan Offshore Financial Services Authority (LOFSA), the Financial Reporting Foundation (FRF) and Malaysia International Islamic Financial Centre (MIFC). Tan Sri Zarinah serves on the Board of Directors of the Institut Integriti Malaysia (IIM) and the Asian Institute of Finance Malaysia (AIF).

Tan Sri Zarinah started her career in the Government Legal and Judicial service where she served in the courts as well as the Attorney-General's Chambers. Tan Sri Zarinah subsequently spent 22 years with Shell and was Deputy Chairman of Shell Malaysia prior to joining the SC. Tan Sri Zarinah graduated with an LLB (Hons) from University of Malaya.

## DATO' YUSLI MOHAMED YUSOFF

*Chief Executive Officer*

*Bursa Malaysia Berhad*

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

# Our Board Of Directors

Dato' Yusli began his career with Peat Marwick Mitchell & Co London and has since held various key positions in a number of public listed and private companies in Malaysia, whose activities spanned over property and infrastructure development, telecommunications, engineering and merchant banking. His career in the stockbroking industry began when he was appointed the Chief Executive Officer of CIMB Securities Sdn Bhd in January 2000. 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 of Bursa Malaysia Berhad and a Director of its group of companies. He also sits on the Capital Market Development Fund (CMDf) Board and is an executive committee member of the Financial Reporting Foundation/Malaysian Accounting Standards Board.

## **DATO DR. NIK RAMLAH MAHMOOD**

*Managing Director*

*Securities Commission Malaysia*

Dato Dr. Nik Ramlah Mahmood is Managing Director of the Securities Commission Malaysia (SC). She is also an Executive Director of the Commission's Enforcement Division.

Dato Dr. Nik Ramlah is a member of the Professional Development Panel of International Centre for Education in Islamic Finance (INCEIF). She is also a member of the Technical Committee of the Islamic Financial Services Board. Prior to joining the SC in 1993, Dato Dr. Nik Ramlah was an Associate Professor in the Faculty of Law, University of Malaya.



**Dato Dr. Nik  
Ramlah Mahmood**

**Dato' Yusli  
Mohamed Yusoff**

**Tan Sri Zarinah  
Anwar**



# Senior Management



John Zinkin

Azman Hisham  
Che Doi

Dr. Jiwa Md Isa

Sarimah  
Ramthandin

Sivalingam  
Navaratnam

## JOHN ZINKIN

Chief Executive Officer

John Zinkin has 39 years of experience in business, of which 25 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 the Institute of Corporate Responsibility (ICR) Malaysia - a network that seeks to promote best practices in corporate 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 is also a Certified Training Professional. He has written *What CEOs Must Do To Succeed*, published by Prentice Hall in 2003, *Challengers in Implementing Corporate Governance: Whose Business Is It Anyway?*, published by John Wiley in 2010 and co-authored *Corporate Governance: Mastering Business in Asia* published by John Wiley in 2005. He also writes a fortnightly column in the StarBiz section of *the Star* titled, "Whose Business Is It Anyway?" 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.

## AZMAN HISHAM CHE DOI

Director, Professional Education Services

Azman Hisham Che Doi is the Director of Professional Education Services overseeing operations, programme development, sales and marketing of SIDC's training programmes. He completed his Masters degree in Financial Management from the University of Hull, UK in 1995. He is a holder of Registered Financial Planner and a Certified Training Professional. Azman began his career as an analyst at Bapema Trading Sdn Bhd in 1992 and moved on to become a lecturer

teaching Investment Analysis, Financial Management and Corporate Finance at Universiti Utara Malaysia (UUM). He joined the SC in 1998 where he was responsible for the licensing examinations, which includes setting up the examinations department as well as examination framework for the Malaysian capital market. Among his international involvements include working with regional counterparts from Hong Kong, Indonesia and Cambodia. In 2006, he was involved in the Asean Capital Market Forum Working Group; and in 2008 in a consulting project for the Capital Market Authority of Saudi Arabia.

## DR. JIWA MD ISA

Director, Regulatory Examinations & Institutional Design And Development

Dr. Jiwa Mohd Isa is Director of Regulatory Examinations and Institutional Design and Development, overseeing the development and management of the SC Licensing Examinations, the Continuing Professional Education (CPE) programme and SIDC's overall IT systems development. Prior to joining SIDC, he lectured in areas of international economics, business and finance at the International Islamic University Malaysia before completing his PhD in Management Control Systems at Manchester Business School, University of Manchester in 1994. Dr. Jiwa is a Certified Training Professional; and has more than 25 years of consulting and operational experience in business design, strategy, start-up and turnaround management in diverse industries such as private tertiary education, finance, software application, agribusiness, hospitality, property development and construction. He was also actively involved in the establishment and operations of private universities and colleges locally and abroad.

## SARIMAH RAMTHANDIN

General Manager, Investor Education

Sarimah Ramthandin is General Manager of Investor Education. She holds an MBA from University of Malaya and a BSc in Business Administration (Finance) from Iowa State University, USA. She is also a

Certified Training Professional with over 14 years experience in the capital market industry. She started her career in 1996 as an internal auditor for Hong Leong Finance Bank Berhad and later as a dealer's representative in Kenanga Investment Bank. In 2000, she joined SIDC's examinations department where she was involved in developing examination study guides and questions. She moved to the Investor Education (IE) department in 2003 and has since led various IE initiatives for SIDC. She was instrumental in the conceptualisation, development and implementation of various IE projects including strategic partnership, publications and financial literacy programmes. Sarimah is a regular speaker on topics ranging from good money management habits and smart investing in the local broadcast media.

## SIVALINGAM NAVARATNAM

Head of International Desk

N.Sivalingam is Head of International Desk, responsible for developing partnership for new international business opportunities. He works closely with international regulators and funding agencies in developing training initiatives for ASEAN and APEC markets. Sivalingam joined the SC in 1998 and has played a key role in the development and implementation of the Continuous Professional Education (CPE) programme, the Capital Market Graduate Training Scheme (CMGTS), Bumiputera Training Fund (BTF) and the SC's flagship programmes, namely the Emerging Markets Programme (EMP) and the Islamic Markets Programme (IMP). Prior to joining the SC, he was a senior lecturer of finance in a local training institute and an auditor with Ernst & Young. His areas of expertise include development of human capacity building strategies and curriculum frameworks for capital market development, programme assessment, development and delivery of training models, evaluation and programme quality control. He completed the examinations of the Chartered Institute of Management Accountants (CIMA), UK and holds an MBA from University of Strathclyde, UK. He is also a Certified Training Professional.

the  
**SIDC**  
family

The members of the SIDC family have been instrumental in helping us build and strengthen our foundation for growth.

They comprise talented people of diverse backgrounds with the highest integrity who are bound together by clearly defined goals and a passion to excel.

Collectively, they are and remain the cornerstone of our success.





# Corporate Responsibility

Corporate Responsibility (CR) is about ensuring the sustainability of business through good business practices. It is about taking decisive actions that not only highlight our integrity but also our commitment to safeguarding the interests of all stakeholders. We are mindful that as an industry leader, we must operate as a business with a conscience. Being a values-driven organisation, our CR strategy is centred on making a real difference to the marketplace, our people, the community and the environment.

## MARKETPLACE

We believe in upholding responsible and ethical business practices and expect the same of our business partners. At the heart of our CR strategy is the need to support, strengthen and boost trust and confidence in capital markets as evidenced by our ability in:

- maintaining sound business practices with customers, speakers, training facilitators and suppliers through transparent and thorough processes. For example, all speakers of our training programmes must adhere to SIDC's Code of Conduct to safeguard the interests of our customers;
- ensuring that we always have a ready pool of certified trainers and programme developers to meet the high standards of employers in the capital markets. For example, 15 employees were sent in July 2009 for a 10-day Certified Training (CTP) programme to enhance their skills and possess the competencies expected of a training practitioner; and
- keeping abreast of key stakeholders' needs and expectations with a view to improving our range of courses and enhancing our stakeholder relations programmes.

- ensuring a more conducive work environment. In this respect, the highlight for the year was the creation of a "new office look" based on an open concept to foster transparency and encourage greater discussion among our people;
- allocating 6% of funds towards staff development (including staff training and purchase of leadership and management books) as a competency-based organisation;
- instilling good reading habits through the introduction of "Brown Bag" sessions where we discuss the contents of a pre-assigned book; and
- introducing a weekly after-office hours "teh tarik" session where a member of the staff speaks for 10 minutes on a topic of his/her choice. The sessions have helped foster a closer bond and greater interaction among our people in a relaxed environment while enhancing our staff's public speaking skills.

## ENGAGING WITH THE COMMUNITY

We are passionate about empowering the communities we serve. We strive to inspire positive change through various financial literacy programmes that are skewed to specific target groups, to help them be better informed by raising their level of awareness. Some of our initiatives include:

- conducting financial literacy programmes for women, blue-collar workers and those living in the rural areas where for the first time we reached out to the orang asli community to educate them on debt management and scam avoidance; and
- conducting similar seminars in various factories, offices, hospitals, FELDA estates and even prisons through an interactive approach using workbooks and visuals to stress the importance of money management and wise investing.

## PEOPLE

Our people, in driving our vision, have played an important role in helping us build trust: the trust of our customers, business partners and the communities we serve. In turn, we have invested and will continue to invest in our people - our single most valuable asset - through ongoing human capital initiatives that include:





## SIDC as the Secretariat for the Institute Corporate Responsibility (ICR) Malaysia

SIDC was honoured to serve as the Secretariat for the Institute of Corporate Responsibility Malaysia (ICR Malaysia) for the first full year, in 2009.

As the secretariat, we played an important role in facilitating the network's plans and activities to promote and encourage responsible business philosophy and practices in corporate Malaysia.

Throughout the year, the secretariat organised a number of events to raise awareness and strengthen the understanding of corporate responsibility (CR) among member companies as well as the general public. These events included CR Exchanges which showcased corporate responsibility best practices among member companies, a public forum on the relevance of corporate responsibility in a downturn and a roundtable discussion on supply chain issues and ethical marketing. In addition, the secretariat also encouraged participation in other CR-related events and training.

For the second consecutive year, the StarBiz-ICRM Corporate Responsibility Awards were jointly organised by the Star and ICR Malaysia. A total of eight awards were presented to public listed companies with good CR practices in the following areas - marketplace, workplace, community and environment.

## ENVIRONMENT

As a responsible business leader, we are serious about lessening our own environmental footprint. We believe that every measure taken, large or small, will go a long way towards creating a sustainable future. Some of initiatives we undertook include:

- conducting a campaign leading up to Earth Hour in March - a global initiative to raise awareness on climate change. This essentially involved running an awareness campaign with World Wildlife Fund (WWF) in support of Earth Hour to our customers, our people, business partners and vendors.
- formulating and implementing a green initiative - towards a paperless office. An E'Go Green project was formed with this objective in mind to reduce paper usage in SIDC. Several awareness campaigns and competitions were organised to facilitate the transition to a paperless office. Several steps were taken including:
  - documents were scanned and stored electronically while the hardcopies were recycled;
  - programme materials for all of our training programmes were distributed in CD-ROM or other digital formats; and
  - employees were encouraged to share tips on going green.

The E'Go Green project was successful in reducing paper usage by a staggering 60%, from 1.3 million sheets in 2008 to 0.5 million sheets in 2009.



## Investors' seminar on April 16

**PETALING JAYA:** Securities Industry Development Corp (SIDC) will host its third Institutional Investors Series (IIS) 2009 next Thursday to help investors weather the current crisis and beyond, and to assess the possibilities of turning

Regulators to discuss regulatory reforms

**KUALA LUMPUR:** The Securities Commission (SC) and regulators from other emerging financial markets will discuss regulatory reform and prospects for the global financial crisis at an interval forum to be held here for the SC from 10am to 12.30pm.

## The role of investor relations

THE revised Malaysian Code on Corporate Governance states that the fifth responsibility of a board is "developing and implementing an investor communications policy for the company".

This is a responsible corporate between I understand corporate, able. IR is the right c fair and I and I will pay. The holders. It

## Bursa needs to widen its reach

It should also replenish its remisier base

By YAP LENG KUEN  
lengkuen@the-star.com.my

**KUALA LUMPUR:** Bursa Malaysia should widen its reach and replenish its remisier base to attract more investors, especially those who have just entered the workforce.

Securities Commission chairman Tan Sri Zairrah Anwar said: "Intermediaries need to be on the same wavelength as the investors".



»Intermediaries need to be on the same wavelength as the investors«  
TAN SRI ZAIRRAH ANWAR

Zairrah also reminded companies on the crucial role of investor relations and corporate governance especially during a downturn. The last time she



**WHOSE BUSINESS IS IT ANYWAY?**  
JOHN ZINKIN

## How much should boards get involved?

Involvement should depend on situation

### Take advantage of breakdowns in market correlation

### New shape of financial services sector post-crisis

**KUALA LUMPUR:** The shape of the financial services industry will not

By Wong Min Hwa

## Maximising stakeholder returns

Shareholders should have the long-term interests of the company at heart

In my first article, I quoted Johnson & Johnson's Credo on reconciling different stakeholder demands. Interestingly, it argues that stock-

holders should not imagine a company without employees, for it is they who create and deliver value for customers and for shareholders.

## Companies to face pressure in FRS 139 compliance

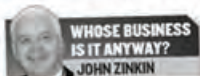
The standard, which relates to the recognition and measurement of financial instruments, will take effect from Jan 1, 2010.



Companies also need to simulate the impact of implementing FRS139 and conduct stress tests, he said. According to Nordin, small companies normally take 12 months to comply with the FRS139 while bigger companies take about 18 months. "We have less than six months in the deadline. We don't have enough time," Nordin said.

## 上市公司2012年全面采用IFRS

(吉隆坡21日讯) 大马上市公司的财务报告必须在2012年全面采用国际财务报告准则(IFRS)。交易剧烈增加的情况下, 这项会计标准就能够反映出公司的合理价



**WHOSE BUSINESS IS IT ANYWAY?**  
JOHN ZINKIN

## Making up for lost ground

By Kang Siew Li  
siewli@nstp.com.my

**The Securities Industry Development**

**Aberdeen's Elston: It's the century of emerging economies**



Elston said the fund manager did not invest from a "top-down perspective" and hence did not have any preference for investing in any particular region. "We would look for companies with good corporate governance to invest in," Elston said. "We also look for companies with good balance sheets and high credit ratings on capital, as well as companies with competitive advantages that a company has," he said.

Elston said the fund manager believed that many emerging economies would be able to stand on their own and lead at some point, and that these emerging economies would have a higher income per capita than developed economies. "In the last few years, many economies will have not developed but are now starting to develop, since the end of the last year. "China has the pace up demand that will enable the country to absorb the demand, which was traditionally constrained by the US. "Therefore, there is a lot of potential for China's economic growth

### New shape of financial services sector post-crisis

## Connecting the dots

It's important for boards to link elements of PESTLE framework

**KUALA LUMPUR:** The shape of the financial be the which which affect.

## Pick the stocks, not index, says fund manager

By Chong Pool Koon  
pookoon@nstp.com.my

banking stocks because of its investment policy.

NOT all blue-chip index stocks, usually the safest bets, will survive the global financial crisis. "Fund managers must be

Its last investment in a bank in the two continents was HSBC plc, which it sold in 2002 when HSBC bought Household International to

Real value emerging, though crisis not over

By Yong Yen Nie

**KUALA LUMPUR:** Although the global financial crisis in far from over, and value of asset prices have started to emerge, planning a sign that it is already the right time to buy quality stocks and bonds.

By Roziana Hamsawi  
roziana@nstp.com.my

BEING financially responsible is not an easy task to carry even by adults, as evident from the current financial turmoil in the West.

So imagine how big a responsibility it is for young children who are mere takers, never the makers or earners when it comes to money.

As the Malay proverb says: "To bend a bamboo, start when it's still a shoot" and it is with this in mind that the training arm of the Securities Commission (SC) has been organising educational

## Teaching kids to save, spend prudently









# Financial Statements

47	Directors' Report
50	Balance Sheet
51	Income Statement
52	Statement of Changes in Equity
53	Cash Flow Statement
54	Notes to the Financial Statements
65	Statement by Directors
66	Statutory Declaration
67	Independent Auditors' Report

# directors' report

## for the year ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2009.

### 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 year	<u>1,733,739</u>

### RESERVES AND PROVISIONS

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

### DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Zarinah Anwar  
Dato' Yusli Mohamed Yusoff  
Dato Dr. Nik Ramlah Nik Mahmood

### DIRECTORS' BENEFITS

Since the end of previous financial year, 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 year 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.

## 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 adequate provision 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 the amount of provision for doubtful debts in the Company inadequate to any substantial extent, 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 year 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 year.

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 year 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 financial performance of the Company for the financial year ended 31 December 2009 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 year 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:



Tan Sri Zarinah Anwar



Dato' Yusli Mohamed Yusoff

Kuala Lumpur

Date: 25 March 2010

# balance sheet

at 31 December 2009

	Note	2009 RM	2008 RM
<b>Assets</b>			
Property, plant and equipment	3	1,095,671	383,698
Employee benefits prepaid	4	955,333	-
<b>Total non-current asset</b>		<u>2,051,004</u>	<u>383,698</u>
Employee benefits prepaid	4	572,171	-
Receivables	5	1,280,390	1,394,302
Tax recoverable		113,001	-
Cash and cash equivalents	6	28,794,494	25,428,324
<b>Total current assets</b>		<u>30,760,056</u>	<u>26,822,626</u>
<b>Total assets</b>		<u>32,811,060</u>	<u>27,206,324</u>
<b>Equity</b>			
Accumulated surplus		3,418,716	1,684,977
<b>Total equity</b>		<u>3,418,716</u>	<u>1,684,977</u>
<b>Liabilities</b>			
Long term prepaid expenses	7	28,925,223	23,180,797
<b>Total non-current liability</b>		<u>28,925,223</u>	<u>23,180,797</u>
Payables and accruals	8	467,121	2,324,074
Current tax liabilities		-	16,476
<b>Total current liabilities</b>		<u>467,121</u>	<u>2,340,550</u>
<b>Total equity and liabilities</b>		<u>32,811,060</u>	<u>27,206,324</u>

The notes on pages 54 to 64 are an integral part of these financial statements.

# income statement

for the year ended 31 December 2009

	Note	2009 RM	2008 RM
<b>Income</b>			
Training industry		3,082,454	3,689,612
Examination fees		636,925	925,013
Sale of publication		100,289	78,126
Rental income		547,750	265,593
Consultant services		963,325	595,350
Income received from fixed deposits		856,546	849,397
Other income		58,848	38,197
		<hr/>	<hr/>
Amortisation of long term prepaid expenses	10	6,246,137 12,090,574	6,441,288 6,914,889
		<hr/>	<hr/>
		18,336,711	13,356,177
		<hr/>	<hr/>
<b>Less: Expenditure</b>			
Events expenses		7,968,113	4,926,905
Staff costs	9	6,828,037	4,996,991
Administration expenses		1,838,657	1,646,175
Amortisation of employee benefits	10	189,008	-
		<hr/>	<hr/>
		16,823,815	11,570,071
		<hr/>	<hr/>
<b>Surplus before taxation</b>	10	1,512,896	1,786,106
Tax credit/(expense)	11	220,843	(210,523)
		<hr/>	<hr/>
<b>Net surplus for the year</b>		1,733,739	1,575,583
		<hr/>	<hr/>

The notes on pages 54 to 64 are an integral part of these financial statements.

# statement of changes in equity

for the year ended 31 December 2009

	Accumulated surplus RM
At 1 January 2008	109,394
Net surplus for the year	<u>1,575,583</u>
At 31 December 2008/1 January 2009	1,684,977
Net surplus for the year	<u>1,733,739</u>
At 31 December 2009	<u>3,418,716</u>

The notes on pages 54 to 64 are an integral part of these financial statements.

# cash flow statement

for the year ended 31 December 2009

	Note	2009 RM	2008 RM
<b>Cash flows from operating activities</b>			
Surplus before taxation		1,512,896	1,786,106
Adjustment for:			
Amortisation of long term prepaid expenses	10	(12,090,574)	(6,914,889)
Depreciation of property, plant and equipment	3	222,780	110,617
Interest income		(856,546)	(849,397)
Allowance for doubtful debt		19,710	-
Amortisation of employee benefits		189,008	-
Deficit before changes in working capital		(11,002,726)	(5,867,563)
Changes in working capital:			
Receivables		520,656	413,883
Payables and accruals		(1,856,953)	(1,343,440)
Cash used in operation		(12,339,023)	(6,797,120)
Tax refund/(paid)		91,366	(248,645)
Employee benefits paid		(1,716,512)	-
<b>Net cash used in operating activities</b>		<b>(13,964,169)</b>	<b>(7,045,765)</b>
<b>Cash flows from investing activities</b>			
Interest received		930,092	471,059
Purchase of equipments	3	(934,753)	(287,659)
<b>Net cash (used in)/from investing activities</b>		<b>(4,661)</b>	<b>183,400</b>
<b>Cash flow from financing activity</b>			
Grants received		17,335,000	16,570,000
<b>Net cash from financing activity</b>		<b>17,335,000</b>	<b>16,570,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,366,170</b>	<b>9,707,635</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>25,428,324</b>	<b>15,720,689</b>
<b>Cash and cash equivalents at end of year</b>		<b>28,794,494</b>	<b>25,428,324</b>
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amount:			
Cash and bank balances	6	1,592,459	928,324
Deposits placed with licensed bank	6	2,702,035	7,500,000
Deposits placed with Malaysian Building Society Berhad ("MBSB")	6	24,500,000	17,000,000
		<b>28,794,494</b>	<b>25,428,324</b>

The notes on pages 54 to 64 are an integral part of these financial statements.



# notes to the 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 25 March 2010.

## **1. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and accounting principles generally accepted in Malaysia.

The Company has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) which are not yet effective or available for early adoption:

#### ***FRS effective for annual periods beginning on or after 1 July 2009***

- FRS 8, Operating Segments

#### ***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010***

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statement (revised)
- FRS 123, Borrowing Costs (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards, and FRS 127(2010), Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instrument: Disclosure
- Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statement - Puttable Financial Instrument and Obligation Arising on Liquidation
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

## 1. BASIS OF PREPARATION

### (a) Statement of compliance (continued)

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010*

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statement (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Arrangement for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

The Company will adopt the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, FRS 8, FRS 123, FRS 127, Amendments to FRS 127, FRS 2 and FRS 101, IC Interpretation 9, IC Interpretation 10, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010, except for FRS 3, FRS 5, FRS 127, Amendment to FRS 2, FRS 5 and FRS 138, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16, IC Interpretation 17 and Amendments to IC Interpretation 9 which are not applicable to the Company

The impact of applying FRS 7 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the FRS. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy.

### (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 year in which the estimate is revised and in any future years affected.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Property, plant and equipments

#### (i) *Recognition and measurement*

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

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.

#### (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 year and comparative periods are as follows:

• Office equipment	5 years
• Computer equipment	3 years
• Communication equipment	5 years
• Furniture and fitting	5 years
• Renovation	10 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 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.

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 prior years 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.

### (e) Employee benefits

#### *Employee benefits prepaid*

Employee benefits prepaid, representing amounts paid to certain employees in exchange for a 3-year contractual service bond, is amortised over a period of 3 years.

#### *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 contribution to the Employee's Provident Funds 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 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

<i>Cost</i>	Office equipment RM	Computer equipment RM	Communication equipment RM	Furniture & Fitting RM	Renovation RM	Total RM
At 1 January 2008	87,079	137,654	-	-	-	224,733
Additions	44,456	203,462	39,741	-	-	287,659
At 31 December 2008/1 January 2009	131,535	341,116	39,741	-	-	512,392
Additions	44,353	290,492	30,742	262,077	307,089	934,753
At 31 December 2009	175,888	631,608	70,483	262,077	307,089	1,447,145
<i>Depreciation</i>						
At 1 January 2008	5,047	13,030	-	-	-	18,077
Depreciation for the year	21,838	82,506	6,273	-	-	110,617
At 31 December 2008/1 January 2009	26,885	95,536	6,273	-	-	128,694
Depreciation for the year	30,427	154,477	10,168	17,472	10,236	222,780
At 31 December 2009	57,312	250,013	16,441	17,472	10,236	351,474
<i>Carrying amounts</i>						
At date of incorporation	82,032	124,624	-	-	-	206,656
At 31 December 2008/1 January 2009	104,650	245,580	33,468	-	-	383,698
At 31 December 2009	118,576	381,595	54,042	244,605	296,853	1,095,671

#### 4. EMPLOYEE BENEFITS PREPAID

	2009 RM	2008 RM
Employee benefits prepaid	1,716,512	-
Less: Accumulated amortisation	(189,008)	-
	<u>1,527,504</u>	<u>-</u>
Consisting of:		
- Non-current	955,333	-
- Current	572,171	-
	<u>1,527,504</u>	<u>-</u>

Employee benefits prepaid arose mainly from the Company's buy-out exercise carried out to absorb certain employees of Securities Commission into the Company. Lump-sum payments were made to these employees in exchange for 3-year contractual service bond with the Company. Failure to complete the 3-year service bond would result in the employee compensating the Company on the payments made on a time apportionment basis.

#### 5. RECEIVABLES

	2009 RM	2008 RM
Amount due from SC	536,387	391,192
Trade receivables	402,880	431,362
Other receivables	360,833	571,748
	<u>1,300,100</u>	<u>1,394,302</u>
Less: Allowance for doubtful debt	(19,710)	-
	<u>1,280,390</u>	<u>1,394,302</u>

Included in other receivables are interest due from fixed deposit placement of RM334,902 (2008: RM408,448).

#### 6. CASH AND CASH EQUIVALENTS

	2009 RM	2008 RM
Cash and bank balances	1,592,459	928,324
Deposits placed with licensed banks	2,702,035	7,500,000
Deposits placed with MBSB	24,500,000	17,000,000
	<u>28,794,494</u>	<u>25,428,324</u>

## 7. LONG TERM PREPAID EXPENSES

	2009 RM	2008 RM
<b>Non-current</b>		
Long term prepaid expenses	28,925,223	23,180,797
Grant from SC	15,000,000	10,000,000
Grant from Capital Market Development Fund (“CMDF”)	37,375,000	24,540,000
	52,375,000	34,540,000
Less: Amortisation of long term prepaid expenses	(23,449,777)	(11,359,203)
At 31 December	28,925,223	23,180,797

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

(i) *Grant from SC*

SC agreed to provide assistance to the Company in the amount of RM5 million (2008: RM5 million) and for subsequent years, such sums 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 RM37.38 million in the first three years while the remaining of RM27.38 million would be disbursed throughout the remaining years up until year 2012. 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 (“CGMTS”), the Advance Business Management Programme (“ABMP”), the Investor Education Initiatives (“IEI”) and the Graduate Development Programme (“GDP”) throughout the five (5) year. 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.

## 8. PAYABLES AND ACCRUALS

	2009 RM	2008 RM
Other payables	316,734	315,865
Accrued expenses	16,009	249,738
Amount due to SC	120,336	1,758,471
Institute of Corporate Responsibility Malaysia (ICRM) fund	14,042	-
	467,121	2,324,074



## 9. STAFF COSTS

	2009 RM	2008 RM
Employees Provident Funds	675,285	566,324
Other staff costs	6,152,752	4,430,667
	<u>6,828,037</u>	<u>4,996,991</u>

The number of employees of the Company at the end of the year was 67 (2008 - 51).

## 10. SURPLUS BEFORE TAXATION

	Note	2009 RM	2008 RM
<b>Surplus before taxation is arrived at after charging:</b>			
Auditor's remuneration		15,500	15,000
Allowance for doubtful debt		19,710	-
Amortisation of employee benefits		189,008	-
Depreciation on property, plant and equipment	3	222,780	110,617
Management fee		284,400	284,400
Rental expense		461,200	28,590
		<u>1,252,600</u>	<u>538,617</u>
<b>and after crediting:</b>			
Amortisation of long term prepaid expenses		12,094,574	6,914,889
Realised forex income		9,320	-
Rental income		547,750	265,593
		<u>12,651,644</u>	<u>7,180,482</u>

## 11. TAXATION

	2009 RM	2008 RM
Current tax expense		
Current year	-	220,843
Over provision in prior year	(220,843)	(10,320)
	<u>(220,843)</u>	<u>(10,320)</u>
Tax (credit)/expense	<u>(220,843)</u>	<u>210,523</u>
<b>Reconciliation of effective tax expense</b>		
Surplus before taxation	<u>1,512,896</u>	<u>1,786,106</u>
Tax at Malaysian tax rate of 25% (2008: 26%)	378,224	464,388
Tax exempt income	(378,224)	(243,545)
Over provision in prior year	(220,843)	(10,320)
	<u>(220,843)</u>	<u>(10,320)</u>
Tax expense	<u>(220,843)</u>	<u>210,523</u>

The Company was granted approval from the Minister of Finance to be exempted from taxation for statutory income except for dividend income with effect from Year Assessment (YA) 2008 until YA 2012.

## 12. 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 value for the year ended		Net/Gross balance outstanding at	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Related company</b>				
SC				
- Management fee	284,400	284,400	23,700	23,700
- Grant	5,000,000	5,000,000	500,000	-
	<u>5,284,400</u>	<u>5,284,400</u>	<u>523,700</u>	<u>23,700</u>
CMDF				
- Grant	12,835,000	11,570,000	-	-
	<u>12,835,000</u>	<u>11,570,000</u>	<u>-</u>	<u>-</u>

## 13. 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.

### Effective interest rates and repricing analysis

	2009		2008	
	Effective interest rate per annum %	Total RM	Effective interest rate per annum %	Total RM
<b>Financial assets</b>				
Deposits placed with licensed banks	2.63	<u>27,202,035</u>	3.75	<u>24,500,000</u>

### 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.

## 14. CAPITAL COMMITMENTS

	2009 RM	2008 RM
<b>Property, plant and equipment</b>		
Approved but not contracted for:		
Within one year	<u>-</u>	<u>882,000</u>

# statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 50 to 64 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards so as to give a true and fair view of the financial position of the Company at 31 December 2009 and of its financial performance and cash flows for the year ended on that date.

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



Tan Sri Zarinah Anwar



Dato' Yusli Mohamed Yusoff

Kuala Lumpur

Date: 25 March 2010

# 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 50 to 64 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 25 March 2010.



John Zinkin

Before me:



Alamat tempat perniagaan  
Medan Selera Duta  
Jalan Duta  
50480 Kuala Lumpur

# independent auditors' report

to the members of Securities Industry Development Corporation  
(Company No: 76524-K)  
(Limited by Guarantee - Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Securities Industry Development Corporation, which comprise the balance sheet as at 31 December 2009 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 64.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

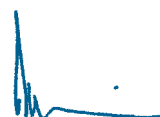
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The logo for KPMG, consisting of the letters 'KPMG' in a stylized, handwritten font.

KPMG  
Firm Number: AF 0758  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Johan Idris'.

Johan Idris  
Approval Number: 2585/10/10(J)  
Chartered Accountant

Petaling Jaya

Date: 25 March 2010