

Annual
Report
2010



www.sidc.com.my



Delivering Professional Excellence



What makes SIDC stand out as a leader in our field is our idea-driven approach to capital markets training and development, and our skilfulness in innovating to address ever-changing market demands. Through value-adding programmes that cater to the varying needs of our stakeholders with precision, SIDC has proven our ability to deliver consistent professional excellence with clarity of purpose.

Our Vision

To be recognised internationally as the leading developer of capital market professionals and investor education.

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 investors in Malaysia so they:

- are protected from fraudulent transactions as informed market participants;
- develop an informed interest in investing based on market and business fundamentals; and
- value good corporate governance and Corporate Social Responsibility (CSR).

2 Developing and training Malaysian capital market intermediaries to meet world class standards

3 Developing and training emerging market regulators

4 Training directors of public-listed companies

5 Building human capital through the talent development pipeline



2010

annual report



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SIDC Background

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

Established in 1994 and incorporated in 2007, SIDC has been in the business of training and developing capital market participants in Malaysia and internationally for more than 15 years. We design and facilitate training programmes for Malaysian and foreign regulators, company directors and market professionals as well as conduct public investor education seminars on wise investing and investors' rights.

In collaboration with the SC, we also develop examination questions and modules and conduct licensing examinations as part of the licensing regime for Malaysian capital market intermediaries.

Through our ability and success in developing and delivering innovative, high quality, fit-for-purpose programmes for specific target audiences, we have established a reputation synonymous with professional excellence and have been acknowledged by international institutions such as the International Organisation of Securities Commissions (IOSCO), the Asia Development Bank (ADB), the Asia-Pacific Economic Cooperation (APEC) and ASEAN.

Chairman's Statement

TAN SRI ZARINAH ANWAR

Chairman
Securities Industry Development Corporation



2010 has been an extremely productive year for the Securities Industry Development Corporation (SIDC). It is heartening to note that SIDC has been agile in innovating and delivering programmes and initiatives that address the specific needs and challenges faced by stakeholders in the capital market.

The delivery of investor education programmes funded by the Capital Market Development Fund (CMDf) has been especially successful. In 2010, SIDC made further inroads in its effort to cultivate well-informed and prudent capital market investors. Reaching out to wider audiences and new target segments, SIDC conducted financial literacy programmes to benefit more than 50,000 people from all walks of life, including students, parents, women, white and blue collar workers and the rural community. Participant numbers increased by more than 20,000 compared to the previous year, an achievement that reflected the positive results of SIDC's endeavours in expanding the reach of investor education.

The Continuing Professional Education (CPE) programme maintained an uptrend in the number of courses offered. A total of 688 CPE-approved courses were run nationwide in 2010 compared to 601 the previous year, marking a 14% year-on-year increase. In addition, a new Continuing Professional Development (CPD) framework was developed to replace the CPE. Targeted to be implemented in 2011, the CPD is designed to enhance the ability of Capital Markets

...SIDC has been agile in innovating and delivering programmes and initiatives that address the specific needs and challenges faced by stakeholders in the capital market.

Services Representative's Licence holders to better serve the needs of and create value for issuers and investors.

SIDC also continued to produce capacity-building flagship programmes for capital market regulators on the SC's behalf. The Islamic Markets Programme and the Emerging Markets Programme (now into their 5th and 11th year respectively) continued to build on their well-established reputation as essential platforms for learning and discussion, drawing participation from capital market regulators from emerging markets worldwide. The ability of these programmes to draw on a broad faculty of senior regulators and industry participants globally is further testimony to their quality and value.

Additionally, SIDC, in its ongoing partnership with the Australian Treasury and the Australian Agency for International Development (AusAID), created three programmes for the securities market regulatory agencies of emerging Asia-Pacific Economic Cooperation (APEC) and East Asia Summit (EAS) member countries.

These were the APEC Pilot Work Placement Programme, the "APEC: Developing Capacity for Cross-Border Recognition, Issuance and Trading of Financial Products and Services" programme and the "EAS Second Programme: Structuring and Restructuring Financial Markets – Overcoming Challenges in Cambodia, Lao PDR and Vietnam". All three programmes employed a practical approach and a technical focus to train and upskill regulators in specific work areas.

In particular, the groundbreaking APEC Pilot Work Placement Programme was designed for securities market regulators of APEC emerging markets planning to establish training organisations similar to SIDC in their own jurisdictions. Recognising the positive outcomes of the customised knowledge and skills transfer initiative, the participants have requested a follow-up programme in 2011.

Fulfilling its role to improve corporate governance among company directors, SIDC delivered two Directors' training programmes in collaboration with leading partners. The "Non-Executive

Chairman's Statement



Director Development Series (NEDDS): Is it Worth the Risk” programme, a joint initiative with PricewaterhouseCoopers started in 2009, continued to receive favourable feedback from participants, earning an average rating of 8.5 points out of 10 in terms of content, delivery, marketing and administration. SIDC also jointly conducted the SC-supported Advanced Business Management Programme (ABMP) with the International Institute of Management (IMD), Lausanne. Targeted at the C-suite and delivered by IMD’s renowned faculty, the programme entitled “Ruin, Reform and Recovery” received an overall “Good to Excellent” rating from participants.

In the area of talent pipeline development, the SC Executive Enhancement and Development (SEED) Programme rolled out in 2009 moves steadily towards its target to train and create jobs for 500 graduates in the Malaysian capital market via three schemes: the Graduate Executive Training, the Graduate Development Programme (GDP) and the Islamic Capital Market Graduate Training Scheme (ICMGTS). The GDP and ICMGTS, administered by SIDC, recorded encouraging results during 2010. In the GDP, 61 candidates were successfully placed at 22 companies for on-the-job training while three candidates gained

employment even before the start of their job attachment. As for the ICMGTS, 81 of the 87 candidates who completed the classroom training part of the course went on to be placed in the industry.

Through its ability to create and add value as a leading developer of capital market professionals and investor education, SIDC has seen a steady increase in its international reputation – and for this I applaud the hard work, dedication and superb team spirit of its management and staff.

I also congratulate SIDC for ending 2010 in a financially stronger position than at the start of the year. Matching its financial performance, SIDC has correspondingly delivered on its KPIs, exceeding set targets in certain areas. I have no doubt there will be new challenges to overcome and exciting frontiers ahead for SIDC to explore; nonetheless I am confident SIDC will continue to build on the momentum it has established for its professional growth moving forward.

To conclude, I would like to convey my appreciation to the Board of Directors for their continued guidance and support, and to the staff of SIDC for their relentless zeal and effort throughout the year.

Chief Executive Officer's Statement

JOHN ZINKIN

Chief Executive Officer
Securities Industry Development Corporation



...SIDC achieved financial self-sufficiency 18 months ahead of its original target date of the end of 2012...

This is the last time I will write the CEO's annual report on SIDC's progress. I am pleased to be able to say that over the 4 years since its incorporation that I have been SIDC's CEO, the team I have had the privilege of leading has more than met all the objectives we were asked to satisfy by the Securities Commission (SC) and the Capital Market Development Fund (CMDf).

I would like to take this opportunity to review briefly what has been achieved and what still needs to be done. The full details of SIDC's achievements in 2010 are in the body of this annual report.

WHAT WE HAVE ACHIEVED

Following SIDC's incorporation in March 2007, we launched the Industry Transformation Initiative (ITI) for licensed intermediaries in July 2007, to help them make the transition from being order takers to becoming trusted advisers. This revolutionary 5-year training programme has met its objectives and we are now looking at upgrading it to the Capital Markets Professional Qualification (CMPQ). As a result of this and other programmes developed by SIDC for licensed intermediaries, SIDC's share of training rose from 2% in 2007 to 59% last year.

At the same time we launched a suite of world-class financial literacy programmes, beginning with programmes targeted at children, students and adults in all walks of life. As can be seen in the report itself, these programmes have

achieved measured results that are quite extraordinary, which have been recognised as such at an international conference last year in Istanbul.

In 2009, we launched an innovative programme for training independent non-executive directors of public-listed companies in partnership with PricewaterhouseCoopers (PwC) in response to a perceived decline in Malaysia's corporate governance culture. This has been extremely well regarded by all who have attended it and its content has now been mandated for prospective directors of banks and insurance companies by Bank Negara Malaysia.

Also in 2009, SIDC rose to the challenge of developing two unique programmes to blunt the impact of the knock-on effects of the Global Financial Crisis to help graduates find jobs in the capital market. Initially, this programme was part of the

government's package of measures to help the economy. However, its continued success turned it from a one-off palliative measure into an ongoing programme for promoting the capital market to students and for placing the best candidates in the industry.

The regulatory programmes developed by SIDC either on behalf of the SC – Islamic Markets Programme (IMP) and the Emerging Markets Programme (EMP) – as well as the capacity building programmes for the Saudi Capital Market Authority or with the Australian Treasury for emerging markets in Asia, now mean that SIDC is regarded as one of the best sources of performance improvement programmes for regulators under the International Organisation of Securities Commissions (IOSCO) umbrella.

Last and not least, SIDC achieved financial self-sufficiency 18 months ahead of its original target date of the end of 2012 (as can be seen in the financial section of the annual report).

We were able to do this by sticking to our five core values: Customer focused, Quality focused, Innovative, Accountable and Performance Driven. This year's report focuses on how we have been innovative and performance driven (reflected in SIDC's continued improvements in productivity).

WHAT STILL NEEDS TO BE DONE

SIDC will need to continue extending its outreach to promote the SC's financial literacy programmes and the approaches used will need to reflect the priorities of the Capital Market Masterplan 2 (CMP2). This will demand innovation in targeting audiences much more widely than in the past as well as upgrading the content as people move increasingly from being financially literate to being financially competent.

In the area of capital market intermediaries training, a new Continuing Professional Development (CPD) framework focusing on enhancing intermediaries' skills to create relevant products and services for the market will be introduced in 2011 to replace the existing Continuing Professional Education (CPE) programme. Reinforcing this, a new improved tracker system to track, monitor and manage CPE points collection will replace the current system.

Given the emphasis of the CMP2 on "Growth with Governance", SIDC will need to develop a suite of training programmes for directors of public-listed companies, which will in turn need to incorporate the revisions to the Malaysian Code and reflect the long-term direction of the new Corporate Governance Blueprint due out in mid-summer 2011.

SIDC will need to continue acting as a developer of young talents to begin their careers in the capital market.

I am confident that the excellent management team in place, guided by the expanded Board working closely with the SC, will succeed in meeting these demanding challenges and will continue to exceed its KPIs as it has done in the past.

Finally, I would like to take this opportunity to thank the staff of SIDC for making the last 4 years the best years in my career. I would also like to thank my colleagues in the SC for being great fun to work with and in particular, I would like to thank my board and my Chairman, Tan Sri Zarinah Anwar, for their support, guidance and inspiration.





A man in a light blue shirt and blue patterned tie is pointing at a large screen displaying financial charts. The screen shows a candlestick chart with a white line and a red line, and a vertical axis with numerical values. The man is holding a white folder or document. The background is a plain wall.

Driving Performance

We drive performance by constantly drawing inspiration from our in-depth understanding of the markets and audiences we serve, producing ideas, and innovating to meet the training and development needs and expectations of our clients. Our tailor-made programmes have, in turn, been instrumental in enhancing our clients' professional performance, empowering them to excel in their areas of specialisation.

Our Values

Drive Our Business

Innovative

- As leaders and groundbreakers in capital markets education and training, we tirelessly innovate and embrace change to stay ahead in our field.
- Creative, out-of-the-box thinking comes naturally to us, be it in the way we run our operations to serve our customers and stakeholders optimally, or design cutting-edge programmes producing positive results.
- In 2010, SIDC delivered the APEC Pilot Work Placement Programme, a unique pilot initiative specifically developed for securities market regulators of APEC emerging markets seeking to set up training organisations similar to SIDC in their own jurisdictions. The programme was infused with purpose-driven activities to allow specific knowledge and skills transfer to the participants.
- Continuing our efforts to provide capacity-building programmes for regulators of emerging markets, SIDC conducted the East Asia Summit (EAS) Second Programme to help securities market regulators of Cambodia, Lao PDR and Vietnam structure and/or reform their markets. Innovatively tailor-made with practicability and effective regulatory transformation in mind, the programme was able to address country-specific challenges and guide participants to draw useful lessons from best practices at the same time.
- Within the Continuing Professional Education (CPE) programme, a new Continuing Professional Development (CPD) framework was created in 2010 as the successor to CPE, to harness innovation in Capital Markets Services Representative's License (CMSRL) holders and raise their capabilities in creating value for issuers and investors. It is targeted for implementation in 2011.

Performance Driven

- To remain at the forefront of our business, we unceasingly challenge ourselves to improve on our own achievements by setting and meeting higher expectations and tougher targets every year.
- SIDC's accelerating track record is testament to our will to perform and drive for excellence:
 - During the year, SIDC worked hard to reach out to new and previously un-served or underserved target segments for our financial literacy programmes. As a result, a total of 50,564 participants from all strata of society benefited from these programmes in 2010 compared to 29,294 participants in 2009 - marking a year-on-year increase of 73%.
 - 100% of the participating students and teachers rated the Kids & Cash and Teens & Cash financial literacy programmes and their speakers as "Good to Excellent".
 - We exceeded the 2010 performance targets for all of our investor education initiatives agreed upon with the Capital Markets Development Fund (CMDf).



Customer Focused

- Our ability to gauge our customers' needs and to exceed their expectations defines our success.
- To gain valuable customer feedback and insight, we emphasise constant engagement and long-term relationships with our customers.
- This customer-focused approach helps create training programmes that are current and relevant to the target audiences and programme enhancements capable of addressing customers' ever-changing expectations.
- Based on audience reviews, SIDC refreshed four of its investor education programmes in 2010, namely Kids & Cash, Teens & Cash, Be Money Wise (B.M.W.) for Parents and Campus kaChing!, including more interactive elements in the content of each programme for effective learning.



Quality Focused

- At SIDC, the emphasis on quality and integrity is reflected in every aspect of our business, from the standard of the programmes we run and the professionalism of our partners and vendors, to the calibre of our employees.
- We stay true to our brand promise of "Delivering Professional Excellence" through our sound business processes and our ability to develop effective, fit-for-purpose training programmes for our target audiences.
- Participant ratings continue to attest to the quality of our programmes. For example, the 186 Industry Transformation Initiative (ITI) courses conducted by SIDC in 2010 received an average course rating of 4.2 ("Good to Excellent") from participants. In addition, participants of both 2010 intakes of the Graduate Development Programme (GDP) rated the classroom training portion of the programme as "Good to Excellent".

Reliable

- Our consistent track record, agility and proactiveness in innovating and adapting to market conditions and challenges make us a trusted and reliable training provider, one increasingly accepted among international organisations as a preferred strategic partner for training fellow regulators from other countries.
- The Emerging Markets Programme (EMP), in its eleventh year, and the Islamic Markets Programme (IMP), in its fifth year, are well-established flagship training initiatives by the SC and SIDC that regulators and market intermediaries regard highly as platforms to share and learn of the latest trends, developments, processes and techniques relevant to their work.

Our First Mission: Educating Investors

INVESTOR EDUCATION

2010 saw SIDC continuing to deliver quality programmes to our target audiences and exceeding their expectations, as we remained focused on our goal to create smart and savvy investors in the capital market.

With funding from the Capital Market Development Fund (CMDF), more than 50,000 participants benefited from SIDC's financial literacy programmes targeted at schools, universities, work places, urban and rural social groups, parents, women and blue collar workers. The figure represented an increase of more than 20,000 participants compared to the previous year, making this the most notable achievement of 2010 in terms of expanding the reach of investor education.



Kids & Cash and Teens & Cash

The Kids & Cash and Teens & Cash programmes continued to receive overwhelming response from the target segments, playing an instrumental role in inculcating positive spending habits amongst students. Captain Cash and his Cash Agents visited 20,114 primary school students aged 10 to 12 throughout Malaysia, and provided them with fun-filled lessons on basic money management. They also visited 20,790 secondary school students to offer practical and enjoyable lessons on managing finances and investing.

Weaving interpersonal skills into both programmes, the crew gave students an opportunity to unleash their potential and to learn in a cheerful environment. The modules for Kids & Cash and Teens & Cash were also

creatively refreshed, emphasising more interaction in the form of quizzes, games and instructional videos. With a total of 40,904 students participating in the programmes, and 100% of the students and teachers rating both programmes and their speakers as "Good to Excellent", we successfully surpassed our performance target for 2010 both in terms of participant numbers as well as delivery quality.

Further, post-event surveys reinforced the positive impact of the programmes, indicating that:

- 95% of primary school students started saving and/or increased their saving and were able to differentiate between needs and wants when making purchases; and

- 64% of secondary school students decided to invest their money, while 24% would like to put their money in a savings account.

These are world-beating results for programmes designed to increase financial literacy.

Cash@Campus

A programme designed for university students, Cash@Campus helps participants to develop their financial acumen in managing their money and investment. A total of 2,518 students from various institutions of higher learning attended these workshop programmes, exceeding the 2010 target by 518 participants. The objective of the programme was achieved as all the workshops had active participation from students during the Question and Answer sessions.

The programme and its speakers received an average rating of “Good to Excellent” from 99% of all its participants.

Campus kaChing!

2010 also saw the Investor Education Department successfully initiating a new youth-centric programme, Campus kaChing!, an annual inter- varsity money management competition combining speech and song-writing skills. A total of 15 universities submitted their entries for the competition, with seven teams qualifying for the Grand Finals at UiTM Shah Alam, where about 500 spectators attended. The winning team took home RM5,000 while the runner-up and third-placed teams won RM3,000 and RM1,000 respectively.

“Be Money Wise” (B.M.W.) Seminars

The “Be Money Wise” (B.M.W.) Seminars are targeted at parents, rural communities, blue collar workers and women, helping them to understand money management, to familiarise with smart investing, and to heighten their awareness of investment scams.

- **B.M.W. Seminars for parents –** Ten seminars were conducted for parents nationwide in 2010. The events were a hit, drawing a total of 1,282 participants, which was 28% above our target response rate.
- **B.M.W. Seminars for women –** A total of 1,522 women attended the 14 seminars aimed to help women become financially independent, exceeding our target for the year.

- **B.M.W. Seminars for blue collar workers and the rural community –** A total of 1,642 blue collar workers and 1,510 members of the rural community participated in the B.M.W. seminars respectively. Given the importance of increasing the level of financial awareness among these segments of the community, SIDC ventured out to various training institutes, offices, hospitals, FELDA estates and more to conduct the seminars in an interactive fashion, using workbooks and visual aids to effectively convey useful knowledge on money management and wise investing.

To measure the effectiveness of the B.M.W. programme and examine behavioural changes in its participants, SIDC commissioned an impact survey of 800 randomly selected participants in 2010. Some of the highly positive findings revealed by the survey are:

- 88% of the respondents are applying the knowledge from the programme to manage their money;
- 87% of the respondents reported more awareness when considering an investment, and are able to differentiate between legal and illegal investment schemes;
- 88% of the respondents set aside money as forced saving under the “Pay Yourself First” method before spending their income;
- 86% of the respondents have started implementing a personal budget;
- 84% of the respondents set their financial goals based on the S.M.A.R.T. method taught in the programme; and last but not most inspiring of all,



- 95% of the respondents were eager and most likely to keep attending B.M.W. seminars as well as to encourage others to do so.

Money@Work

Money@Work is a basic programme similar to B.M.W. aimed at employees of public and private organisations. It guides participants in managing their finances and planning for their future, with special emphasis on debt management and scam awareness. The programme was attended by 1,276 employees from various government organisations in Kuala Lumpur. To cater for the needs of the participants, these seminars were conducted on a more frequent basis than that of our other programmes and for relatively smaller groups.

On average, 99% of all participants rated the overall programme and its speakers as “Good to Excellent”.

Our First Mission: Educating Investors

<http://www.min.com.my>



Media Articles

Fifty-one media articles were published in various local newspapers and magazines such as *Harian Metro*, *Money Compass*, *Smart Investor*, *Graduan*, *Suara Dutch Lady* and *Pa & Ma*. The media articles focused on a wide range of topics, educating the Malaysian public on wise investing, managing money and protection from scams.

John Zinkin, CEO of SIDC, continued SIDC's efforts to promote good corporate governance among Malaysian investors via his fortnightly column titled "Whose Business Is It Anyway?" in *The Star*. A total of 26 articles on corporate governance and board responsibilities were published in the newspaper for the year.

Malaysian Investor Website (www.min.com.my)

The Malaysian Investor (MIN) website is one of the main sources of investor education and reference among the general Malaysian public. Its content focuses on the basics of money management and investment techniques, and two new articles are published online every month. Investors who need clarification can also submit their queries to the website.

After undergoing a revamp to present a more customer-focused and systematic browsing experience, the new-look website was re-launched and promoted on various media, resulting in more than two million hits for the year.

Educational Leaflets

SIDC developed four new informative and engaging leaflets on savvy investing during the year:

- Bond: Mission to Invest
- Know Your Rights as an Investor series:
 - Series 1: Right to Seek Information
 - Series 2: Right to Voice Your Opinion
 - Series 3: Right to Lodge a Complaint

A total of 250,000 educational leaflets were distributed to the public in 2010.

Other Investor Education Initiatives

To complement our accomplishments in investor education, SIDC placed 108 infomercials on smart investing and money management with TV3, TV9, and ASTRO as well as advertisements and editorials with various print media. The response was very positive, as many Kids & Cash and Teens & Cash participants showed good brand recall of the educational programmes after viewing the Kids & Cash infomercials, specifically on TV3. The Malaysian Investor (MIN) website's (www.min.com.my) consistent hit rates could also be attributed to the TV infomercial campaigns.

List of Investor Education Programmes in 2010

Programme	2010 Participant Reach	2010 Participant Target	2009 Participant Reach
Kids & Cash and Teens & Cash	40,904	40,000	20,187
Cash@Campus	2,518	2,000	2,109
B.M.W. (Be Money Wise) Seminars	5,956	5,500	5,788
Money@Work	1,276	1,000	1,210
Total	50,654	48,500	29,294

4th Institutional Investor Series (IIS) 2010

Aiming to build capacity in investment management at the institutional level, SIDC jointly designs and organises the successful annual Institutional Investors Series (IIS) with sponsors Aberdeen Asset Management, Amundi Asset Management (formerly Credit Agricole Asset Management), BNP-Paribas Investment Partners, Franklin Templeton Asset Management and Nomura Asset Management, all licensed foreign asset managers based in Malaysia. The programme is supported by the SC.

Entitled "Strategies for the New Economy", the fourth IIS seminar held on 12 May 2010 focused on the recent developments, opportunities and challenges faced by institutional investors following the general recovery of the global economy.

Leading international experts from the panel of sponsors explored the crisis and beyond, provided views on the market outlook and shared strategies and techniques used in challenging times. The impact of global economy on investing, the benefits of proper active management, trends in emerging markets, risk management in fund management and the future of asset allocation were discussed.

A total of 70 participants ranging from CEO's, CIO's, COO's, CFO's to key decision makers of institutional investors attended the programme, and found the current issues and industry concerns discussed helpful in guiding their investment decision-making.



Our Second Mission: Educating Intermediaries

To create and maintain a pool of qualified and successful capital market intermediaries, SIDC carries out a range of initiatives from preparing them for licensing exams and administering the licensing exams to managing continuing learning programmes for these individuals.

SC LICENSING EXAMINATION PREPARATORY COURSES

Led by subject matter experts, the SC Licensing Examination Preparatory Courses are designed to assist candidates in their preparation of the topics covered in the respective SC licensing examination modules.

The courses allow participants to familiarise themselves with the Computer-Based Examination (CBE) by working through sample question sets. Revision and feedback sessions with course leaders are also built in to reinforce the lessons and evaluate progress.

Twenty-six preparatory courses for eight examination modules were conducted in 2010, with a total attendance of 528 participants.



No.	Modules	Course Title	Number of Courses	Number of Participants
1.	Module 6	Malaysian Stock Market & Securities Law (Module 6) Preparatory Course	6	139
2.	Module 7	Financial Statement Analysis and Asset Valuation (Module 7) Preparatory Course	7	172
3.	Module 9	Funds Management Regulations (Module 9) Preparatory Course	3	43
4.	Module 10	Asset and Funds Management (Module 10) Preparatory Course	3	48
5.	Module 12	Investment Management and Corporate Finance (Module 12) Preparatory Course	3	74
6.	Module 14	Futures and Options (Module 14) Preparatory Course	1	8
7.	Module 16	Rules and Regulations of Futures and Options (Module 16) Preparatory Course	1	3
8.	Module 19	Advisory Services: Rules & Regulations (Module 19)	2	41
Total			26	528

SC LICENSING EXAMINATIONS – COMPUTER BASED EXAMINATIONS

SIDC serves as a one-stop examination centre for those seeking to be licensed by the SC, to hold a position as head of operations, head of compliance, compliance officer, or to be a local participant.

The SC Licensing Examinations are offered through the Computer Based Examinations (CBE) system, which was developed to facilitate the growing needs of the capital market industry. With the CBE, more examination sessions can be held to address current demand.

Since the implementation of the CBE, SIDC has worked towards innovative ways to improve its administration and delivery. Candidates can obtain their examination results together with their scores immediately upon completing their examinations. In addition, SIDC maintains a CBE simulation on its website to allow candidates to familiarise themselves with the format of the examinations system.

To help candidates prepare for the examinations, SIDC also developed an online guide entitled “A Guide on Preparing for the SC Licensing Examinations” in 2010.

During the year, SIDC successfully conducted 204 examination sessions for the 13 SC Licensing Examination modules at various locations in Malaysia. Apart from Kuala Lumpur, the examinations were held in centres in Penang, Johor Bahru, Kuching and Kota Kinabalu to accommodate candidates across the country. An increase in the number of candidates was recorded, with a total of 4,119 candidates sitting the examinations in 2010 as compared to 3,908 candidates in the previous year.

SC Licensing Examinations Modules Conducted in 2010 and 2009

SC Licensing Examinations		Number of Candidates	
		2010	2009
Module 6	Stock Market and Securities Law	1,129	819
Module 7	Financial Statement Analysis and Asset Valuation	1,154	933
Module 9	Funds Management Regulation	216	275
Module 10	Asset and Funds Management	221	294
Module 11	Fundamentals of Compliance	97	134
Module 12	Investment Management and Corporate Finance	443	387
Module 14	Futures and Options	292	397
Module 16	Rules & Regulations of Futures and Options	278	386
Module 17	Securities and Derivatives Trading (Rules and Regulations)	12	13
Module 18	Securities and Derivatives Trading (Products and Analysis)	11	10
Module 19	Advisory Services (Rules and Regulations)	188	164
Module 19A	Advisory Services (Rules and Regulations) – Part A	71	82
Module 19B	Advisory Services (Rules and Regulations) – Part B	7	14
Total		4,119	3,908

Our Second Mission: Educating Intermediaries



INDUSTRY TRANSFORMATION INITIATIVE (ITI)

The Industry Transformation Initiative (ITI) is an integrated curriculum-based development programme for capital market intermediaries designed by SIDC. A 5-year project funded by the Capital Market Development Fund (CMDf), it was established in July 2007 with the objective of improving the knowledge and skill set of market intermediaries to increase market professionalism and investor confidence.

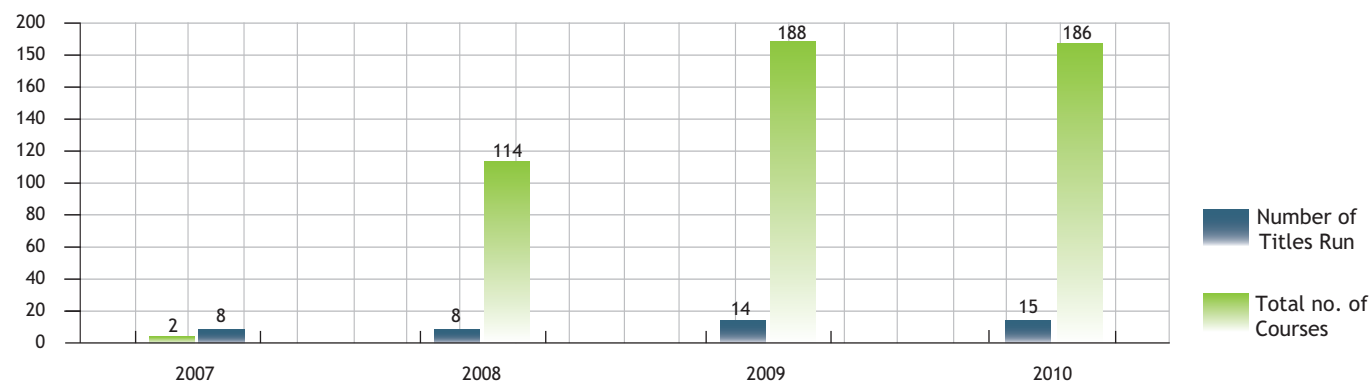
The ITI is designed specifically to add value rather than replace the training offered to market professionals by third parties. The programme is regularly reviewed via industry focus groups to ensure its currency and relevance. Its innovative modules cater for the unique requirements of different roles in the industry and allow for individual work, group projects, interactive discussions, action planning and job-related activities.

In 2010, SIDC conducted 186 courses comprising 15 modules for 13,825 participants under the ITI. The programme has been consistently well received by participants through the years, and the average course rating of 4.2 ("Good to Excellent") recorded in 2010 is a continued testimony to its calibre.

Industry Transformation Initiative (ITI) Courses Conducted in 2010

No.	Course Code	Course Title	Number of Courses	Number of Participants
1.	EQ01	Economics and Capital Markets I: Forces Shaping the Global Capital Markets	26	2,086
2.	EQ02	Essential of Fundamental Analytics I: Analysing Company Performance	31	2,727
3.	EQ03	Corporate Strategic Analytics I: Essentials of Corporate Proposal Analysis	37	2,645
4.	EQ04	Corporate Governance and Ethics: Strengthening Professionalism Through Ethics	39	2,251
5.	EQ05	Economics and Capital Markets II: Macroeconomic Analytics – Clues to the Future	19	1,022
6.	EQ06	Essentials of Fundamental Analytics II: Creating a Framework for Sector Analysis	10	596
7.	EQ07	Corporate Strategic Analytics II: Value Creation Strategies & Take-over Analysis	6	256
8.	DA02	Options and Futures I: Principles and Valuations	1	129
9.	DA05	Options and Futures II: Trading & Hedging Strategies	1	129
10.	FP01	Financial Planning: Putting Theory into Practice	1	61
11.	FP02	Financial Planning: The Practice of Wealth Management	3	706
12.	ICM01	Islamic Capital Market: Financial Philosophy & Jurisprudence	1	35
13.	ICM02	Islamic Capital Market: Islamic Equity Products	4	485
14.	ICM03	Islamic Capital Market: The Sukuk Market	5	587
15.	ICM04	Islamic Capital Market: Islamic Structured Products	2	110
Total			186	13,825

No. of ITI Courses Organised from 2007 to 2010



Our Second Mission: Educating Intermediaries

CONTINUING PROFESSIONAL EDUCATION (CPE)

Continuing Professional Education (CPE) is a mandatory post-licensing requirement imposed on all Capital Markets Services Representative's Licence (CMSRL) holders who conduct capital market activities regulated under the Capital Markets and Services Act 2007 (CMSA). The programme aims to instill a continuous learning culture and to enhance the technical knowledge and competencies of these market professionals.

CPE-APPROVED COURSES

The CPE Secretariat continued to administer all CPE course applications submitted by training providers nationwide. 2010 saw a total of 688 CPE-approved courses being run, a 14% increase in number compared to the previous year. From the total, 550 (80%) courses fell under the Market Development category whilst the remaining 138 (20%) were Market Regulations courses.

These courses were attended by a total of 27,445* participants where 16,740* (61%) were CMSRL holders and 10,705* (39%) non-CMSRL holders. The majority of the CPE-approved courses were conducted in Kuala Lumpur and Selangor.

CPE-approved Courses Conducted in 2009 and 2010

Course Category	CPE Courses Conducted			
	2009 Number of Courses	2009 Number of Participants	2010 Number of Courses	2010 Number of Participants
Market Development	464 (77%)	19,594 (75%)	550 (80%)	22,576 (82%)
Market Regulations	137 (23%)	6,474 (25%)	138 (20%)	4,869 (18%)
Total	601	26,068	688	27,445

Participants of CPE-Approved Courses in 2009 and 2010

Year	CMSRL Holders*	Non-CMSRL Holders*	Total
2009	16,658	9,410	26,068
2010	16,740	10,705	27,445

* This figure includes the multiple counting of participants who attended more than one CPE-approved course.



CONTINUING PROFESSIONAL DEVELOPMENT FRAMEWORK

To develop capital market intermediaries with the professional competencies to create products and services that meet the risk reward profiles of issuers and investors, a new Continuing Professional Development (CPD) framework has been designed as part of the CPE programme's progression plan.

In line with the SC's consultative stance, the CPE Secretariat held numerous consultation sessions with relevant industry associations and other stakeholders to obtain their input and feedback on the new CPD framework. The framework, together with the new system catering to its additional features, is targeted to be implemented by the end of 2011.

EMPLOYEES OF REGISTERED PERSONS

In December 2010, the SC and Bank Negara Malaysia jointly issued the Guidelines on Investor Protection which stipulate, among others, the mandatory CPE requirements and compliance of all Employees of Registered Persons (ERPs) effective 1 January 2011. These ERPs are the employees of the financial institutions deemed as 'Registered Persons' under Section 76(1)(a) of the Capital Market Services Act (CMSA), carrying out the capital market activities listed in Part 1, Schedule 4 of the CMSA on behalf of the said Registered Persons.

The CPE Secretariat has been given the responsibility to track, monitor and manage all details relating to the ERPs' CPE points collection. To facilitate this move and to ensure the integrity of the collected data, a new CPE Tracker System is being developed. All CPE-related information provided in the CPE website has also been updated to reflect the CPE requirements for the ERPs.

Our Second Mission: Educating Intermediaries



BUMIPUTERA TRAINING FUND

The Bumiputera Training Fund (BTF), established in 1997, was initiated to enhance the technical and interpersonal skills of Bumiputera employees in the stockbroking industry through specialised training programmes.

Constantly innovating to improve its range and quality of courses and to reach out to new target segments, SIDC conducted 112 BTF programmes in 2010 as compared with 82 in 2009, marking an increase of 37%. A total of 954 participants from various investment banks and stockbroking companies nationwide benefited from courses under the Capital Market Regulations (CMR), Capital Market Development (CMD) and Personal Enhancement (PE) categories.

Further, in a move to deliver value-added training that continually meets the aspirations of the industry, the BTF forged ahead with high-impact programmes. These included the 4th International Islamic Capital Market Forum, Islamic Market Programme and Advanced Business Management Programme. Such programmes were seen as fundamental in developing talent higher up the hierarchy so that their knowledge and skills could be cascaded to employees within the industry.

Breakdown of BTF Course Participants

Group	Number of Participants (2010)	(%)	Number of Participants (2009)	(%)
Remisiers	320	33	396	29
Paid dealer's representatives	121	13	427	31
Executives	227	24	317	23
Support staff	144	15	147	11
Managers and above	121	13	50	4
Trainee dealer's representatives	21	2	30	2
Total	954	100	1,367	100

BUMIPUTERA DEALER REPRESENTATIVES EDUCATION FUND

The Bumiputera Dealer Representatives Education Fund (BDREF) is aimed at increasing the number of Bumiputera remisiers and dealer's representatives with professional qualifications by providing them with financial assistance to pursue relevant courses.

In 2010, 13 applications were approved by the fund's Education Committee, with 12 applications to pursue the Diploma in Technical Analysis – which leads to the Member of the Society of Technical Analysts (MSTA) qualification – and one application to pursue the Chartered Financial Analyst (CFA) qualification.

Since its establishment in 2003, the BDREF has been instrumental in widening career progression opportunities within the industry for its participants. A collective total of 431 Bumiputera participants have benefited from the fund, with 67 receiving professional certification upon completion of their courses.

The number of BDREF students pursuing approved courses as at end December 2010 and the number of course enrolments under BDREF since 2003 are as presented below.

BDREF Participants with Professional Qualifications as at 31 December 2010

Course	Total Applied (2003-2010)	Total Completed (2003-2010)
Certified Financial Planner (CFP)	296	38
Islamic Financial Planner (IFP)	11	5
Associate Financial Planner (AFPM)*	–	17
Chartered Financial Analyst (CFA)	83	1
Diploma in Technical Analysis (MSTA)	39	5
Graduate Diploma in Applied Finance (GDAF)	2	1
Total	431	67

*: The Associate Financial Planner Malaysia (AFPM) designation is granted to those who have passed Module 1 of the Financial Planning Association of Malaysia (FPAM) certification examination. AFPM members are individuals who have shown technical competency in basic financial planning.

Our Third Mission: Educating Regulators

With a definitive focus on customised training programmes, a proven track record, strong collaboration with international agencies, and a clear commitment towards international capacity-building initiatives, SIDC is progressively establishing itself as a preferred strategic partner in training capital market regulators regionally and globally.

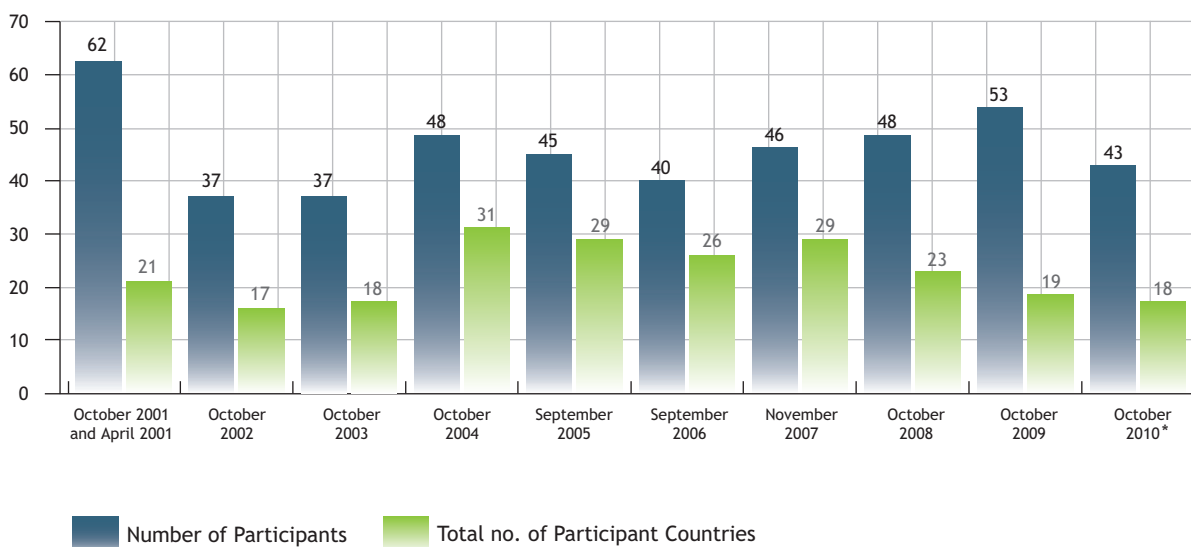
EMERGING MARKETS PROGRAMME

The Emerging Markets Programme (EMP) is an annual Regulator to Regulator (R2R) capacity-building joint initiative by the SC and SIDC. It is an established learning and sharing platform for emerging capital market regulators to discuss global economic trends as well as current policy, legal and technical issues pertaining to the capital markets. A flagship training programme of the SC, the EMP has received 473 participants from 61 countries since its launch in 2001.

The 11th EMP was held from 30 October to 4 November 2010. Themed "Aftermath: The Consequences of the Global Financial Crisis for Emerging Market Regulators", the programme reviewed the root causes of the global financial crisis and its consequences, and explored the key regulatory changes that were required. It then evaluated how emerging markets might be affected by these changes and how best they should respond.

A total of 43 senior international capital market regulators from 18 emerging economies attended the week-long programme to exchange their views and share practical insights on various issues affecting emerging capital markets. The programme was presented by 29 speakers from 12 countries.

The number of participants and participant countries throughout the EMP series



* The decrease in the number of participants for 2010 was attributed to the tightening of enrolment criteria to senior regulators only.

ISLAMIC MARKETS PROGRAMME

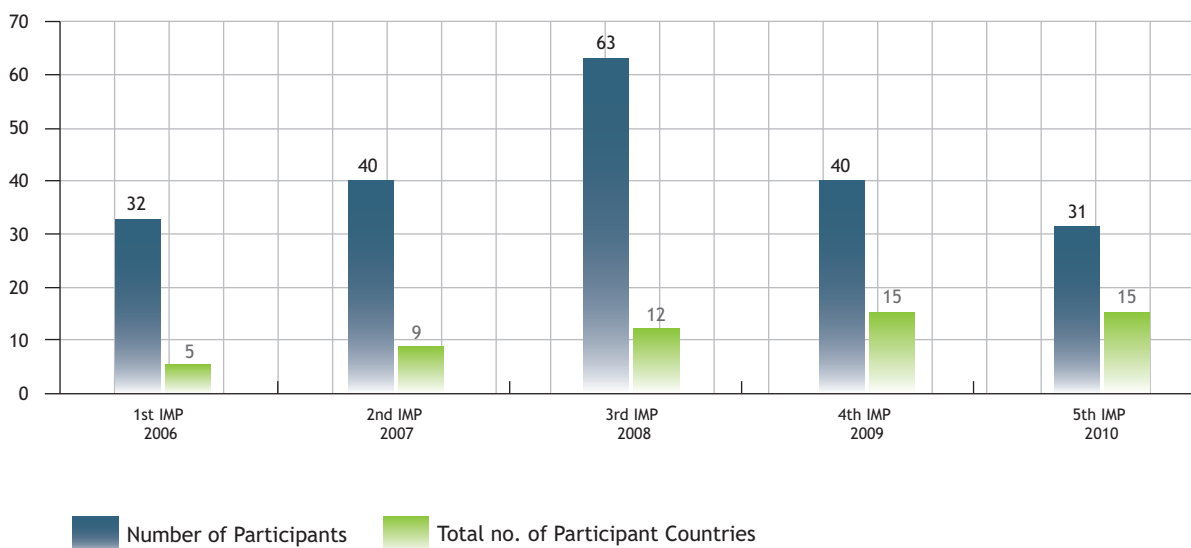
The Islamic Markets Programme (IMP) was initiated by the SC and SIDC in 2006 to cultivate human capital and foster knowledge sharing in the Islamic Capital Market (ICM). The 5-day programme, also a SC flagship training initiative, aims to provide intermediaries and regulators with ICM knowledge at a global and local level. It thrives as a constructive and fertile discussion platform for topics such as product innovation, talent development, interpretation of Shariah principles, and ethics and governance.

The 5th Annual IMP was held from 4 to 9 July 2010 in Kuala Lumpur. Entitled “Gearing Up to Meet Future Challenges”, the programme featured leading experts who spoke on areas such as Islamic Finance, ICM offerings and processes, ICM framework, Islamic Equity and Sukuk, as well as contemporary issues such as global trends, investor confidence in ICM, and post-crisis opportunities. The programme also included an Islamic Capital Market Expert Forum where leading experts discussed the challenges of Shariah compliance.

The 2010 IMP was timely, as the recent global financial crisis in conventional markets had helped shift the spotlight to the potential of Islamic markets. Despite the year’s subdued economic situation, the programme successfully attracted 31 participants from 15 countries, namely Bangladesh, Cambodia, Indonesia, Iran, Laos, Morocco, Nigeria, Pakistan, the Philippines, Sri Lanka, Thailand, Tunisia, Uzbekistan, Vietnam, as well as Malaysia. The keen participation validates the continued relevance of the EMP since its inception.



The number of participants and participant countries throughout the IMP series



Our Third Mission: Educating Regulators

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

In a continuing partnership with the Australian Treasury and the Australian Agency for International Development (AusAID), SIDC developed and presented three innovative capacity-building programmes targeted at the securities market regulatory agencies of emerging Asia-Pacific Economic Cooperation (APEC) and East Asia Summit (EAS) member countries in 2010:

- APEC Pilot Work Placement Programme;
- APEC: Developing Capacity for Cross-Border Recognition, Issuance and Trading of Financial Products and Services; and
- EAS Second Programme: Structuring and Restructuring Financial Markets – Overcoming Challenges in Cambodia, Lao PDR and Vietnam.

The first quarter of 2010 also saw the completion of the second and final phase of the EAS Pilot Programme launched in 2009, “Strengthening the Institutional Development and Function of Securities Market Supervisory Agencies”. This interactive action-planning workshop was held in Kuala Lumpur from 23 to 25 February 2010, and was attended by 18 officers from the securities market regulatory agencies of Cambodia, Lao PDR and Vietnam. Participants presented their proposed action strategies to address the regulatory issues highlighted in Phase 1 for discussion and feedback, and found the practical approach of the workshop more efficient, focused and helpful than other similar programmes.

APEC Pilot Work Placement Programme (22 March-16 April 2010)

This pilot initiative involved a one-month job placement with SIDC. Specifically designed for securities market regulators of APEC emerging countries intending to establish training organisations similar to SIDC in their own jurisdictions, the programme was packed with creative, value-adding activities facilitating specific knowledge and skill transfer. These included job shadowing, instructor-led presentations, direct observation of course delivery, interaction with SIDC senior management and relevant site visits.

Nine officers from the Capital Market Supervisory Agency of Indonesia (BAPEPAM), the Philippine Securities and Exchange Commission (SEC), the Securities and Exchange Commission of Thailand (SEC) and the State Securities Commission of Vietnam (SCC) participated in the initiative. Through the programme, the participants developed a keen awareness of the necessity of having a high quality training establishment such as SIDC in their home jurisdictions. Recognising its positive impact, the participants have requested SIDC to design a follow-up programme in 2011.

APEC: Developing Capacity for Cross-Border Recognition, Issuance and Trading of Financial Products and Services

Phase 1 **Technical Workshop, Kuala Lumpur (28-29 October 2010)**

Phase 2 **Action-planning Workshop, Hong Kong (14-18 March 2011)**

The development of more open and integrated capital markets is the new agenda of many Asia-Pacific economies. As part of APEC’s strategy to assist emerging economies in strengthening financial markets promoting cross-border investment and financing activities, SIDC in 2010 created and conducted the “Developing Capacity for Cross-Border Recognition, Issuance and Trading of Financial Products and Services” programme specifically for financial regulators.

Its objective was to provide technical training to financial regulators responsible for aligning differing regulatory standards, determining the suitability of financial products offered in their jurisdiction, and protecting investors through better cross-border enforcement processes.

Twelve officers from the regulatory agencies of the Philippines, Thailand and Vietnam attended the highly interactive Phase 1 workshop and discussed best practices and successful frameworks for cross-border business facilitation as well as financial globalisation issues on investor protection, regulation and systemic risk. They also identified action points relating to cross-border business that formed the basis of their project assignment to be presented in Phase 2 in March 2011.

The workshop was well received by the participants, who appreciated SIDC and the Australian Treasury's forward-thinking approach in organising a technical programme complementing their respective countries' efforts to upskill regulators of cross-border financial services.

EAS Second Programme: Structuring and Restructuring Financial Markets – Overcoming Challenges in Cambodia, Lao PDR and Vietnam

**Phase 1 Seminar (29 June 2010)
Workshop, Vientiane, Lao PDR (30 June-2 July 2010)**

Phase 2 Action-planning Workshop, Shanghai, China (23-25 November 2010)

This second EAS capacity building programme was custom-built to support Cambodia, Lao PDR and Vietnam in their continued efforts to structure and restructure their financial markets as well as address the challenges faced. In view of the different issues faced by each country, SIDC produced an activity-based technical skills training programme recognising each country's unique circumstances that was practical and effective in enabling changes in the supervision, operation and growth of these financial markets.

The first phase of the programme kicked off with a seminar, followed by a 3-day workshop in which the CEO of SIDC was one of the main trainers. A group of 28 officers responsible for the legal frameworks on market supervision and surveillance in the said countries were present.

During the second and final phase of the programme in Shanghai, 18 participants attended a round table discussion of China's challenges in structuring and restructuring its financial markets and how these issues were overcome. The discussion was aimed at drawing useful lessons to assist them in their drive to structure and reform their own financial markets. The participants then visited the Shanghai Stock Exchange (SSE) to observe how technology has modernised and transformed the way the exchange is run and regulated. In the action planning session that followed, participants presented their draft action plans and received constructive feedback from subject matter experts and fellow regulators.

The participants found the sharing of tested ideas and useful tips between regulators of different countries a valuable and unique learning experience. At the end of the 3-day workshop, they were also better informed of what ideas and plans were suitable for their country and vice versa.

Our Fourth Mission: Educating Directors



At SIDC, raising the standard of corporate governance among company directors through education is one of our key objectives, and to achieve this we offer specialised Directors' training programmes in collaboration with world-renowned partners.

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

The Non-Executive Director Development Series (NEDDS) is a joint initiative between SIDC and PricewaterhouseCoopers (PwC) to train non-executive directors of Malaysian public-listed companies in the skills and competencies required to carry out their duties in managing and safeguarding shareholders' value effectively.

NEDDS comprises progressive training programmes designed to meet the assorted needs of directors from different backgrounds and levels of experience. Its first programme,

entitled "Is it Worth the Risk?", was started in 2009 and focuses on the non-executive director's roles in ensuring compliance and protecting asset value of their organisation. So far, a total of 11 sessions have been held for 217 participants consisting of 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, first Jiv Sammanthan, then Thaya Sangara Pillai, Partner of PricewaterhouseCoopers and John Zinkin, Chief Executive Officer of SIDC. The seminal programme has been rated a high average of 8.5 points out of 10 by participants in terms of its content, delivery, marketing and administration.

In addition to the public sessions, SIDC introduced customised programmes in 2010. Delivered to Nestle (M) Berhad, Kenanga Berhad and Tradewinds Corporation Berhad, the programmes offered thought-provoking insights on internal and external directorship issues.

ADVANCED BUSINESS MANAGEMENT PROGRAMME

The Advanced Business Management Programme (ABMP) is a 5-day residential course developed and run by SIDC in collaboration with leading executive education business school International Institute of Management (IMD), Lausanne, Switzerland. It is targeted at the C-suite in the banking, insurance and capital market industries and delivered in Malaysia by IMD's world-class faculty. Supported by the SC and Bank Negara Malaysia, the programme centres around cutting-edge strategic thinking, innovation and transformation, and corporate governance and finance.

The programme for 2010, titled "Ruin, Reform and Recovery", was held from 18 to 22 October and attended by 21 participants. It examined the failure of certain big-name institutions as a result of poor governance, explored the risks and benefits of structured products and set the platform for discussing strategic planning, change management and innovation.

The overall "Good to Excellent" rating received by the programme reflected the relevance of its focal issues and the effectiveness of its delivery.



Our Fifth Mission: Developing the Talent Pipeline

As part of the SC's integrated efforts to develop and retain talent in the Malaysian capital market, the SC Executive Enhancement and Development (SEED) Programme was launched in 2009 to train and create jobs for 500 graduates through three schemes: the Graduate Executive Training, the Graduate Development Programme (GDP) and the Islamic Capital Market Graduate Training Scheme (ICMGTS).

GRADUATE DEVELOPMENT PROGRAMME

SIDC was entrusted by the SC to design, develop and implement the Graduate Development Programme (GDP) in 2009 with funding from the Capital Market Development Fund (CMDf).

Comprising two parts, the GDP kicks off with an intensive 6-week classroom training, providing participants with sound technical knowledge and soft skills. They are required to sit the SC's licensing examination for Module 6 (Stock Market and Securities Law) and Module 7 (Financial Statement Analysis and Asset Valuation) at the end of their Part 1 training, in a bid to enhance their career opportunities in investment banks and stockbroking companies. During the year, a total of 64 participants successfully completed this part of the programme.

In Part 2, participants are required to serve a 22-month job attachment to give them relevant exposure to the business operations of capital market intermediaries. A total of 61 candidates have been successfully placed at 22 companies for on-the-job training, while three candidates gained employment within the financial industry before the attachment period began.

Part 1 of Intakes 2 and 3 was conducted at the SC from January to February 2010 and July to August 2010 respectively. As a reflection of its high



quality, the intensive classroom training has been consistently rated "Good to Excellent" by participants of both intakes.

ISLAMIC CAPITAL MARKET GRADUATE TRAINING SCHEME

Jointly developed and organised by the SC and SIDC and funded by the Capital Market Development Fund (CMDf), the Islamic Capital Market Graduate Training Scheme (ICMGTS) aims to produce 200 entry level professionals equipped with a comprehensive overview of the Islamic Capital Market (ICM) and the right skill set.

The programme consists of two complementary parts. The first part is an intensive 8-week course using creative activity-based approaches to provide participants with training on

technical ICM knowledge as well as interpersonal skills. The second part offers them a 10-month practical training attachment with capital market industry intermediaries to gain work experience.

For the second intake of ICMGTS from January to March 2010, a total of 45 graduates completed Part 1 of the programme. Forty-two of them were successfully placed in the industry while two furthered their studies. Another 42 graduates completed Part 1 of the programme during the third intake from June to August 2010. Of these, 39 were successfully placed in the industry while three continued their studies.

As at 31 December 2010, 124 graduates have been trained and 93% are attached with the financial industry, attesting to the success of the scheme so far.





Delivering Results

As a leading capital markets training provider, SIDC is held in high esteem due to our strength in consistently delivering results and value to the clients we serve. We attribute our achievements to our undivided focus in raising the bar in innovation and delivery standards at every turn. This passion for excellence is at the heart of everything we do.

Event Highlights



23-25 February 2010

The East Asia Summit (EAS) Pilot Programme Phase 2 workshop was held. Themed “Strengthening the Institutional Development and Function of Securities Market Supervisory Agencies”, the workshop included participants from Cambodia, Lao PDR and Vietnam.



24 March 2010

John Zinkin, CEO of SIDC, speaking at The Non-Executive Director Development Series (NEDDS) programme entitled “Is it Worth the Risk?”. Ninety directors from public-listed companies, GLCs, investment banks and Bursa Malaysia attended the programme throughout 2010.



April 2010

SIDC’s financial literacy programme, Teens & Cash, promoted smart money management to secondary school students nationwide. More than 20,000 students participated in the programme in 2010.



12 May 2010

Naoki Iwami from Nomura Asset Management moderating a session at the Institutional Investor Series (IIS) 2010 themed “Strategies for the New Economy”. The programme was attended by 70 participants comprising the C-suite and key decision makers of institutional investors.



4-9 July 2010

The Islamic Markets Programme for 2010, themed “Gearing Up to Meet Future Challenges”, welcomed 31 participants from 15 countries. It marked the fifth consecutive year of the SC’s flagship programme being held for local and international Islamic Capital Market practitioners.



12 July 2010

The Graduate Development Programme (GDP) is one of the talent development pipeline programmes offered to fresh graduates. In 2010, 61 candidates were successfully placed in job attachments while three other candidates were even directly offered employment without going through on-the-job training.



July 2010

The Islamic Capital Market Graduate Training Scheme (ICMGTS) aims to create a talent pool to facilitate the development of the Islamic Capital Market in Malaysia. The third intake from June to August 2010 saw 42 applicants completing an intensive 8-week activity-based course which formed Part 1 of the programme.



18-22 October 2010

SIDC teamed up with the International Institute of Management (IMD), Lausanne, Switzerland for the Advance Business Management Programme (ABMP) targeted at the C-suite. The residential programme, attended by 21 participants, received an overall rating of "Good to Excellent".



28-29 October 2010

The technical workshop for the "APEC: Developing Capacity for Cross-Border Recognition, Issuance and Trading of Financial Products and Services" programme welcomed the participation of 12 regulators from the Philippines, Thailand and Vietnam.



30 October-4 November 2010

SC's flagship programme for regulators, the 11th Emerging Markets Programme (EMP), featuring a session moderated by Greg Tanzer (third from left) from the International Organization of Securities Commissions (IOSCO). A total of 43 senior capital market regulators from 18 emerging economies attended the programme.



November 2010

SIDC Cash@Campus facilitator, Zulkarnain Zulkifli with Universiti Malaysia Sarawak lecturer from Faculty of Economics & Business, Muhammad Abdullah Zaidel. A total of 250 university students attended both the Financial Planning and Investment sessions of the programme.



November 2010

The Kids & Cash programme in action at Sekolah Kebangsaan Rakyat Tupong, Petra Jaya, Kuching, where 200 students participated. Kids & Cash was conducted to over 20,000 primary school children nationwide in 2010.

SIDC Training Programmes in 2010

Programme	Target Audience	Number of Participants
4th Institutional Investors Series: Strategies for the New Economy	<ul style="list-style-type: none"> Institutional investors 	70
SC Licensing Examination Preparatory Course (Module 6): Malaysia Stock Market & Securities Law	<ul style="list-style-type: none"> Candidates preparing for Module 6 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	139
SC Licensing Examination Preparatory Course (Module 7): Financial Statement Analysis and Asset Valuation	<ul style="list-style-type: none"> Candidates preparing for Module 7 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	172
SC Licensing Examination Preparatory Course (Module 9): Funds Management Regulation	<ul style="list-style-type: none"> Candidates preparing for Module 9 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	43
SC Licensing Examination Preparatory Course (Module 10): Asset and Funds Management	<ul style="list-style-type: none"> Candidates preparing for Module 10 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	48
SC Licensing Examination Preparatory Course (Module 12): Investment Management and Corporate Finance	<ul style="list-style-type: none"> Candidates preparing for Module 12 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	74
SC Licensing Examination Preparatory Course (Module 14): Futures and Options	<ul style="list-style-type: none"> Candidates preparing for Module 14 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	8
SC Licensing Examination Preparatory Course (Module 16): Rules and Regulations of Futures and Options	<ul style="list-style-type: none"> Candidates preparing for Module 16 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	3

Programme	Target Audience	Number of Participants
SC Licensing Examination Preparatory Course (Module 19): Advisory Services (Rules & Regulations)	<ul style="list-style-type: none"> Candidates preparing for Module 19 of the SC Licensing Examination New entrants to the capital market industry Employees of stockbroking and investment firms 	41
Industry Transformation Initiative courses (various modules)	<ul style="list-style-type: none"> Capital Markets Services Representative's Licence (CMSRL) holders Public 	13,825
11th Emerging Markets Programme: Aftermath: The Consequences of the Global Financial Crisis for Emerging Market Regulators	<ul style="list-style-type: none"> Local and international regulators 	43
5th Islamic Markets Programme: Gearing Up to Meet Future Challenges	<ul style="list-style-type: none"> Conventional bankers Capital Markets Services Representative's Licence (CMSRL) holders CEOs and senior personnel of companies Staff of government agencies Shariah lecturers or graduates 	31
The Non-Executive Director Development Series (NEDDS): Is it Worth the Risk?	<ul style="list-style-type: none"> Non-executive directors of public-listed companies 	90
Advanced Business Management Programme	<ul style="list-style-type: none"> CEOs and senior personnel of companies Regulators 	21
Total		14,608

Our Board of Directors





Tan Sri Zarinah Anwar



Dato Dr. Nik Ramlah Mahmood

TAN SRI ZARINAH ANWAR

Chairman

Securities Commission Malaysia

Tan Sri Zarinah Anwar is the Chairman of the Securities Commission Malaysia (SC) since 1 April 2006. She had served as the Deputy Chief Executive of the SC and member of the Commission since 1 December 2001. Tan Sri Zarinah is also the Vice Chairman of the Emerging Markets Committee of IOSCO and represents the Committee on the International Financial Reporting Standards (IFRS) Foundation Monitoring Board. Tan Sri Zarinah currently chairs the Malaysian Venture Capital Development Council (MVCDC) and the Capital Market Development Fund (CMDf). She is also the Vice Chairman of the Asian Institute of Finance Malaysia (AIF). In addition, Tan Sri Zarinah is a member

of the Labuan Offshore Financial Services Authority (LOFSA), the Financial Reporting Foundation (FRF), Malaysia International Islamic Financial Centre (MIFC), and the board of directors of the Institut Integriti Malaysia (IIM).

Prior to joining the SC, Tan Sri Zarinah was the Deputy Chairman of Shell Malaysia. She graduated with an LLB (Hons) from the University of Malaya.

DATO DR. NIK RAMLAH MAHMOOD

Managing Director

Securities Commission Malaysia

Dato Dr. Nik Ramlah Mahmood is Managing Director & Executive Director of the Enforcement Division of the Securities Commission Malaysia (SC).

Dr. Nik Ramlah joined the SC in 1993 as Manager of Law Reform Department. In 1997, she was made Director of the Policy and Development Division. She has been involved in many of the

Commission's developmental initiatives for the Malaysian capital market including those relating to development of the Islamic capital market, bond market, fund management, corporate governance and rationalisation of the regulatory framework for the capital market. She was made Managing Director in 2008.

Dr. Nik Ramlah is a member of the Professional Development Panel of International Centre for Education in Islamic Finance (INCEIF) and a practising member of the Association of Chartered Islamic Finance Professionals Malaysia (ACIFP). She is also a member of the Technical Committee of Islamic Financial Services Board (IFSB).

Prior to joining the Securities Commission, Dr. Nik Ramlah was an Associate Professor in the Faculty of Law, University of Malaya.



Dato' Yusli Mohamed Yusoff



Tan Sri Dato' Dr. Wan Mohd Zahid



Gerald Ambrose

DATO' YUSLI MOHAMED YUSOFF

*Chief Executive Officer
Bursa Malaysia Berhad
(March 2004-March 2011)*

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).

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.

Dato' Yusli was the Chief Executive Officer of Bursa Malaysia Berhad from March 2004 to March 2011.

TAN SRI DATO' DR. WAN MOHD ZAHID

Chairman of Sime Darby Healthcare Division and Sime Darby Motors Division

Tan Sri Dato' Dr. Wan Mohd Zahid is the Chairman of Sime Darby Healthcare Division, Sime Darby Motors Division and also a member of the Board of Directors of Sime Darby Berhad.

Tan Sri Dato' Dr. Wan Mohd Zahid obtained his Bachelor Degree in Sociology and Anthropology from University of Malaya, and obtained a Masters Degree in Development Education from Stanford University, California, and a Doctorate in Sociology of Education from University of California, Berkeley, California.

He started out as a teacher, moving up to principal level and eventually held various positions in the Education Ministry. His last post prior to retirement in December 1997 was as Director-General of Education of Malaysia.

Tan Sri Dato' Dr. Wan Mohd Zahid is also the Chairman of Paradigm Systems Berhad, Universiti Teknologi MARA (UiTM), Federal Power Sdn. Berhad, Furukawa Sdn. Berhad and Management and Science University.

He is also a Director of Permodalan Nasional Bhd., Amanah Saham Nasional Bhd., Yayasan Felcra Bhd., Perbadanan Usahawan Nasional Bhd. and Universiti Teknologi Tun Abdul Razak.

GERALD AMBROSE

*Managing Director, Malaysia
Aberdeen Asset Management Sdn. Bhd.*

Gerald Ambrose is the managing director of Aberdeen Asset Management Sdn. Bhd., the Group's Malaysian office. He joined Aberdeen Asset Management in 2005 after the company was selected to be the first licensed foreign-owned fund manager under the government's Special Scheme.

Previously, Gerald was an institutional sales director covering ASEAN equities at Kim Eng Securities in Singapore, HSBC James Capel in London and BNP Paribas in London, the latter sending him to set up the institutional broking operations of its associate, Mohaiyani Securities Sdn. Bhd. in 1990. Prior to that, Gerald served as a submarine officer in the Royal Navy until 1987.

Gerald Ambrose graduated with an MA (Honours) degree in Land Economy from Pembroke College, Cambridge University.

Our Board of Directors



Angelina Kwan



Chay Wai Leong

ANGELINA KWAN, CPA *Managing Director* *Stratford upon Avon Finance Limited*

Angelina Kwan is currently a Consultant advising on corporate governance, compliance and regulatory matters for companies in the financial services sector. She was most recently the Chief Operating Officer for Cantor Fitzgerald in Asia and was responsible for all operating aspects of the companies' existing businesses and future ventures. Angelina was also with the Securities and Futures Commission of Hong Kong where she held the positions of Director of the Supervision of Markets Division as well as Director of the Enforcement Division. She has over 24 years of experience in Management, Regulation, Compliance, Audit and Internal Audit across a wide range of businesses in both Asia and the US.

A Certified Public Accountant both in Hong Kong and the United States, Angelina holds a Bachelor of Science in Business Administration (Accounting), an M.B.A. (Finance) and a Bachelor of Laws. She is an Honorary Adjunct Professor of Finance for the Hong Kong Polytechnic University, a SFC-appointed Director and Fellow of the Hong Kong Securities Institute, a Director of the Securities Industry Development Corporation of Malaysia, a Director-in-Residence – Asia Pacific

Region – Institute for Excellence in Corporate Governance, School of Management – The University of Texas at Dallas, and serves on a number of Boards and Committees. She lectures frequently for the Hong Kong Polytechnic University, as well as various international government and regulatory organisations and course providers.

CHAY WAI LEONG *Group Managing Director* *Kenanga Holdings*

Chay Wai Leong is currently the Group Managing Director of Kenanga Holdings.

He holds a Bachelor of Business Administration from the National University of Singapore.

He joined the Bankers Trust Brokerage in Singapore as Senior Investment Analyst before moving to Hong Kong to assume the post of Director of Investment Banking at Jardine Fleming Securities Ltd. in 1990.

In 1996, he assumed his new position as Director and Head of Corporate Finance at Pesaka Jardine Fleming Sdn. Bhd., and was later appointed Director and Head of Investment Banking for Chase JF Malaysia following the merger of Jardine

Fleming and Chase Manhattan Bank in 2000. A year later, he was appointed Director and Head of Investment Banking for JP Morgan Malaysia.

In 2002, he joined Standard Bank, South Africa's largest financial group, as a Country Head for Malaysia. Concurrently, he was also Director for Regional Originations for Standard Bank Asia Ltd. in Hong Kong and a Director at Standard Merchant Bank (Asia) Ltd., Standard Bank's merchant banking unit based in Singapore.

He was later appointed as Chief Executive Officer of RHB Investment Bank Berhad in 2006 and subsequently appointed as Managing Director on 8 October 2007.

Under his leadership, RHB Investment Bank won numerous awards including Malaysia Bond House of the Year 2008 from IFR Asia, Best Equity House in 2009 from Finance Asia, Best Local Brokerage from AsiaMoney (1990-2008), Best Mergers & Acquisitions House of the Year 2010 from The Asset and Best Deal of the Year from Islamic Finance (2008-2010).

He is the Managing Director of Kenanga Investment Bank Berhad and a Director of Securities Industry Development Corporation.

Senior Management



from left: Dr. Jiwa Mohd Isa, Sarimah Ramthandin, John Zinkin, Azman Hisham Che Doi, Sivalingam Navaratnam

JOHN ZINKIN *Chief Executive Officer*

John Zinkin has 40 years of experience in business, of which 26 have been in Asia, holding senior line management and corporate strategy/business development positions in major multinational manufacturing, marketing and consulting companies.

He is also the Deputy Chairman of Institute of Corporate Responsibility Malaysia – a network designed to promote best practices in Corporate Social Responsibility. He is a 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, *Challenges 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, Operations*

Azman Hisham Che Doi is the Director of Operations overseeing operations, professional education services, human resources, finance, programme development, and 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 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 licensing examinations, which included 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, he managed a consultancy project for the Capital Market Authority of Saudi Arabia.

DR. JIWA MOHD ISA *Director, Regulatory Examinations & Institutional Design and Development (until October 2010)*

Dr. Jiwa Mohd Isa was the Director of Regulatory Examinations & 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 until his departure in October 2010. Prior to joining SIDC, he lectured in the 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 the General Manager of Investor Education. She holds an MBA from University Malaya and a BSc in Business Administration

(Finance) from Iowa State University, USA. She is also a Certified Training Professional with over 14 years of 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 is 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 to smart investing in the local broadcast media.

SIVALINGAM NAVARATNAM *Head of International Desk*

Sivalingam Navaratnam is the Head of International Desk, responsible for developing partnerships for new international business opportunities. He works closely with international regulators and funding agencies in developing training initiatives for the 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 Islamic Markets Programme (IMP). Prior to joining the SC, he was a senior lecturer of finance in a local training institute and an auditor in 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 a Masters in Business Administration from the University of Strathclyde, UK. He is also a Certified Training Professional.





The SIDC Family: Sharing common values

Our people, our pride. Behind the smiling faces that make up SIDC, a common work ethic defined by integrity, forward-looking aptitude and a zeal to be the best binds us as a family of high performers. Together, we strive to exceed targets and expectations at every opportunity, propelling SIDC to greater heights locally and internationally.

Corporate Responsibility

As a reputable leader in capital markets training and development, SIDC is committed to enabling, value-adding and accountable ways of running our business that encourage a positive impact on our employees, clients, partners, stakeholders, the community and the environment. This holistic view of corporate responsibility contributes extensively to the ethical and effective execution of our five core missions, helping us make a sustainable difference through the work we do.

NURTURING OUR PEOPLE

As the people who live our vision, represent our values and drive our objectives to success, our employees are our single biggest asset. Recognising this, SIDC strives to keep them happy, motivated and empowered so that they can perform to the best of their ability.

Our employees are encouraged to continually acquire new skills and develop themselves through programmes such as the Certified Training Professional (CTP) qualification, which is fully subsidised by the company. To promote a conducive work environment, the office is laid out in a cheerful, modern, open-plan concept amplifying our “without walls” policy and facilitating communication among staff regardless of rank and seniority. Staff are also frequently engaged in formal and informal “talk shops” to voice and share their views, ideas and innovations on work and beyond.

Work-life balance is an integral part of the work culture at SIDC, where employees have three clock-in times

to choose from based on their personal preference, and can enjoy a wide range of in-house recreation and wellbeing facilities including a well-equipped gym, badminton, volleyball, basketball, futsal and squash courts, and an aerobics/yoga room. Other popular value-added employee facilities include a full-service in-house crèche, laundromat with dry-cleaning facilities and a subsidised carwash and polish centre. These, as well as other tangible perks, benefits, and incentives, serve to ensure our people enjoy their SIDC experience and find their career fulfilling and rewarding.

ENGAGING WITH THE COMMUNITY

SIDC takes its role of educating the public to become smart investors seriously, conducting numerous free financial literacy programmes for different segments of the society annually to raise the public’s knowledge on prudent saving and investing. We are also constantly on the ground to discover new target segments to reach out to – in the

recent past we have conducted programmes for prison inmates, FELDA estate workers and an Orang Asli community.

In addition, we build employee CSR initiatives around these financial literacy programmes, in which our staff are encouraged to volunteer their time and involvement. For instance, SIDC allocates two paid leave days annually for employees to contribute their time as volunteers for Kids & Cash, a financial literacy programme created by SIDC for primary school children. While helping children grasp the basics of financial management, the staff volunteers themselves benefit from learning how to communicate effectively with children.



DOING OUR PART FOR THE ENVIRONMENT

Reducing our ecological footprint is a major thrust in SIDC's effort to become a responsible corporate citizen. In 2009, SIDC launched E'Go Green, a paper use reduction project to replace hard documents and files in the company with an e-document storage system. Training programme materials for mass distribution were also migrated to digital formats. The project recorded overwhelming success, as paper use was reduced by a massive 60% during the year. The "greening" of employees' mindset, thanks to the project, led to a more environmentally responsible culture within the organisation, bringing about a collective effort to reduce electricity consumption in the office.

SIDC as the Secretariat for the Institute of Corporate Responsibility Malaysia

Since November 2008, SIDC has served as the Secretariat for the Institute of Corporate Responsibility Malaysia (ICR Malaysia) – which is a network of companies committed to advancing responsible business philosophy and practices with a positive impact on people, society and the environment. The Secretariat played a key role in facilitating the network's plans and activities.



During the year, the Secretariat organised a number of events to raise the level of awareness and encourage good corporate responsibility practices among member companies and the general public.

Some of these events included:

- Public forum entitled "Business & Water: Should We Be Concerned?" on 7 January 2010 (jointly organised with ACCA and Malaysian Water Association);
- Stakeholder engagement standard consultation (AA1000SES) on 27 January 2010 (jointly organised with ACCA and Accountability UK);
- StarBiz-ICR Malaysia Corporate Responsibility Awards 2010 – announcement made on 3 August 2010 (jointly organised with StarBiz together with PricewaterhouseCoopers);
- Corporate Responsibility forum entitled "Climate Change versus Profits: Striking a Balance" on 11 August 2010.*



SIDC is proud to be connected with ICR Malaysia and to play a role in the promotion of good corporate responsibility practices within corporate Malaysia.

* An awards-related event.

Profit from mart correction in year of the crouching tiger

SS2 CORPORATE RESPONSIBILITY AWARDS

Starburst, SATURDAY 6 MARCH 2009

Is CR a boardroom agenda?

For the second year, The Star is organising the StarBio-ICR Malaysia Corporate Responsibility Awards 2008. The programme is a partnership between The Star and the Institute of Corporate Responsibility Malaysia, and is supported by the Securities Commission and Bursa Malaysia. The working partners are the Association of Chartered Certified Accountants, Public Investor Group and the Securities Industry Development Corp. The official sponsors are HSEB Bank (M) Ltd and Cassin Manufacturing (M) Sdn Bhd.

By ELAINE ANG

The days when corporate responsibility (CR) is viewed as being only about philanthropy are numbered as companies realise the benefits that can be reaped by incorporating CR into their business strategies and operations. Good CR practices are fast gaining acceptance in corporate Malaysia as a means for companies to gain market access and customer loyalty and to attract and retain top talent globally, thus resulting in long-term business sustainability.

Therefore, it makes good business sense for CR to be part of a company's business agenda as it not only leads to CR activities being taken more seriously and becoming one of the focus areas that are incorporated into a company's strategies, but also ensures that the company's reputation is not seen as the last resort in a crisis.

CR is not just a buzzword. It is a key strategy adopted by companies to ensure that their business agenda is seen as a long-term business strategy. It is a key strategy adopted by companies to ensure that their business agenda is seen as a long-term business strategy.

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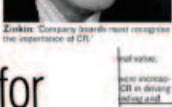
John Zinkin: Once a company develops its thinking on CR, it inevitably begins to approach CR as a core business or strategic way.



Elaine Ang: CR is not just a buzzword. It is a key strategy adopted by companies to ensure that their business agenda is seen as a long-term business strategy.



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Investors are warned to watch out for volatility risk and expect a more volatile ride this year as compared to a bullish trend last year.

LEE CHERNG WEE

AFTER hitting a two-year high of 1328.22 points recently, the FBM KLCI could fall to between 900 and 1000 points, the local stock market is expected to turn bearish in the second and third quarter this year, said NextView Sdn Bhd's chief market strategist Jimmy Lee.

Following the expected decline, investors can potentially profit from the rebound that could form the next bull in as the Year of the Tiger is being historically filled with market corrections, he said.

"For the past 36 years, the year has always been a major reversal year. It can be bullish or a bearish reversal.



Lee notes that investors need to experiment with different theories and indicators to find out which work best in achieving their investment objectives.

equity market is in the middle of a very long term market range. "So, as a long term investor, they could sell some of their positions now and collect again when the market goes into a correction. For short term traders, the upside potential is limited and therefore it is better to take profits and wait for a correction. Investors should jump in when there is a major correction," he said.

However, Lee warns investors to watch out for volatility

analysis. "So, when there is a crisis, there will be fear and a smart investor should look for opportunities in the crisis because prices are going to be low. However, the investor needs to know how to identify when prices are low and one of them is through technical analysis," he said.

Technical analysis is a security analysis discipline for forecasting the future direction of prices through the study of historical market data, primarily price and vol-

right price and at the right time is crucial for determining their investment profitability," he said.

Understanding technical analysis may provide investors with an edge when making decisions in investing at the right price and at the right time. For professionals in the finance industry, technical analysis could assist them in providing clients with more sophisticated information.

"Technical analysis also allows investors to build sound trading plans that can be used when trading in various markets other than equities because the foundation is the same for any markets and different indicators can be used in different markets," he said.

Lee noted that investors need to experiment with different theories and indicators to find out which work best in achieving their investment objective.

Lee, who has talked in seminars in many countries, will be conducting a technical analysis course on April 8 at the Securities Commission.

Milestone for Islamic Finance

A 'train the trainer' programme in Malaysia has helped to underpin the introduction by the Chartered Institute for Securities & Investment (CISI) of its Islamic Finance Qualification (IFQ) into a key market.

The CISI has accredited the training arm of the Securities Commission Malaysia, the Securities Industry Development Corporation (SIDC), as a training partner. Last month, the SIDC hosted a tailored, three-day training scheme, run by a CISI-preferred external trainer, that equipped 26 delegates with skills to teach the groundbreaking IFQ.

The SIDC will now provide students with access to the IFQ as part of its range of capital markets programmes.

Paul Hedges, Chartered FCSI, CISI

Asset managers plays crucial role

LOCAL institutional investors must work with reliable and well-informed global asset managers to ensure they make prudent investments given the uncertainties in the international market.

Chief executive officer of Securities Industry Development Corporation (SIDC), John Zinkin, said their role was crucial in sharing their expertise on where the investment opportunities were as well as the risks to avoid.

"Their role is crucial in helping the local capital market to flourish and effectively implement the New Economic Model," he said in his key-note address at the SIDC's Institutional Investors 2010 meet in Kuala Lumpur yesterday.

"As you venture into investing abroad, you need reliable guides you can trust to help you in your endeavours," he said, adding that there were still concerns to be considered when planning overseas investments as they present risks and uncertainty.

"The apparent resolution of the Eurozone crisis this weekend caused by fears about the sovereign debt of Greece, Portugal, Ireland and Spain may have settled the issue once and for all, or it may merely have bought us some time. What we do know, however, is

A better way to think about business

Business is not a machine. It is a pernicious legacy of Frederick Taylor's scientific management.

Businesses are not at war. Even though competition is essential for business because it promotes innovation and gives customers greater choice, this does not mean that businesses are at war.

Business is not a jungle. Business is not a jungle where every fend for himself. It is above all a human endeavour requiring people to work together for greater benefit of all concerned.

Wish come true for 'Kami Ingin Duit'

The newly named group Kami Ingin Duit from Kuala Lumpur has won the grand prize of RM5,000 in the finals of Campus Kaching - an inter-university money management competition, recently.

The inaugural Campus Kaching! competition, where students use creative speeches and song performances to convince their peers to manage their money well, was organised by SIDC.



Whose Business is it Anyway? JOHN ZINKIN john@sidc.com.my

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Music for money management

The topic of money management may make for a dreary lecture, but what if financial literacy can be promoted through creative performances, instead?

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SIDC's financial literacy programme reaches more students this year

KUCHING: The Securities Industry Development Corporation's (SIDC) reach for students' participation under its Financial Literacy Programme has exceeded levels achieved over the past two years.

The body - the training and development arm of the Securities Commission of Malaysia (SCM) - registered a total of 20,187 students, while for 2008, there were 10,000 students, according to SIDC's Annual Report 2009.

"For this year alone, we have approached 20,000 primary school students nationwide for our 'Kids N Cash' programme, along with 10,000 secondary schools

students for the 'Teens N Cash' programme," said SIDC's assistant manager for investor education, Azril Ishahman when met during a Kids N Cash programme at SK Rakyat Kampung Tupong near Petra Jaya here yesterday.

Healsopointedoutsurveys would be conducted three months after these school children participated in the programme.

"Based on the survey, we have found out that 95 per cent of them have started saving, or saved more after attending the programme; while 95 per cent have been able to differentiate between 'needs' and 'wants' when making a purchase. So far, this demonstrates

the effectiveness of the programme, hence our continuous effort to keep the campaign going all year round."

The school was the third leg of SIDC's financial literacy campaign for primary schools in the state, after the Lodge Primary School and SK Datuk Merpati Jempang. Today, it is holding a Teens N Cash event at SMK Bandar Samarling, Jalan Sultan Tengah near Petra Jaya.

Set up towards supporting the SC's Investor Education Blueprint, Kids N Cash had been translated towards instilling the right spending habits amongst school children.

"It teaches these children - those within the ages of 10 to 12 years old - the basic

organised by the Industry Development Corporation (SIDC), major tools of analysis, samples of temples and live

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Financial Statements

directors' report

for the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2010.

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 income for the year	<u>1,857,801</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	(resigned on 31.3.2011)
Dato Dr. Nik Ramlah Nik Mahmood	
Tan Sri Dato' Dr Wan Mohd Zahid Mohd Noordin	(appointed on 1.9.2010)
Gerald Michael Ambrose	(appointed on 1.9.2010)
Angelina Agnes Kwan	(appointed on 1.9.2010)
Chay Wai Leong	(appointed on 1.9.2010)
Dato' Tajuddin Atan	(appointed on 20.5.2011)

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 results of the operations of the Company for the financial year ended 31 December 2010 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' Tajuddin Atan

Kuala Lumpur,

Date: 30 May 2011

statements of financial position

as at 31 December 2010

	Note	31.12.2010 RM	31.12.2009 RM restated	1.1.2009 RM restated
Assets				
Property, plant and equipment	3	815,121	1,095,671	383,698
Total non-current asset		<u>815,121</u>	<u>1,095,671</u>	<u>383,698</u>
Receivables	5	1,371,343	1,280,390	1,394,302
Tax recoverable		-	113,001	-
Cash and cash equivalents	6	32,838,651	28,794,494	25,428,324
Total current assets		<u>34,209,994</u>	<u>30,187,885</u>	<u>26,822,626</u>
Total assets		<u>35,025,115</u>	<u>31,283,556</u>	<u>27,206,324</u>
Equity				
Accumulated surplus		5,276,517	3,418,716	1,684,977
Total equity		<u>5,276,517</u>	<u>3,418,716</u>	<u>1,684,977</u>
Liabilities				
Long term prepaid expenses	7	28,980,613	27,397,719	23,180,797
Total non-current liability		<u>28,980,613</u>	<u>27,397,719</u>	<u>23,180,797</u>
Payables and accruals	8	767,985	467,121	2,324,074
Current tax liabilities		-	-	16,476
Total current liabilities		<u>767,985</u>	<u>467,121</u>	<u>2,340,550</u>
Total equity and liabilities		<u>35,025,115</u>	<u>31,283,556</u>	<u>27,206,324</u>

The notes on pages 57 to 72 are an integral part of these financial statements.

statement of comprehensive income

for the year ended 31 December 2010

	Note	2010 RM	2009 RM restated
Income			
Training industry		3,911,628	3,082,454
Examination fees		788,948	636,925
Sale of publications		141,802	100,289
Rental income		488,460	547,750
Consultant services		419,172	963,325
Income received from fixed deposits		917,919	856,546
Other income		29,653	58,848
		<hr/>	<hr/>
Amortisation of long term prepaid expenses	10	6,697,582 13,417,106	6,246,137 13,618,078
		<hr/>	<hr/>
		20,114,688	19,864,215
		<hr/>	<hr/>
Less: Expenditure			
Event expenses		9,778,270	7,968,113
Staff costs	9	6,928,858	6,828,037
Administration expenses		1,549,759	1,838,657
Charge of prepaid employee benefits	10	-	1,716,512
		<hr/>	<hr/>
		18,256,887	18,351,319
		<hr/>	<hr/>
Income before taxation	10	1,857,801	1,512,896
Tax credit/(expense)	11	-	220,843
		<hr/>	<hr/>
Net income for the year and total comprehensive income for the year		<u>1,857,801</u>	<u>1,733,739</u>

The notes on pages 57 to 72 are an integral part of these financial statements.

statement of changes in equity

for the year ended 31 December 2010

	Accumulated surplus RM
At 1 January 2009	1,684,977
Total comprehensive income for the year	1,733,739
At 31 December 2009/1 January 2010	3,418,716
Total comprehensive income for the year	1,857,801
At 31 December 2010	<u>5,276,517</u>

The notes on pages 57 to 72 are an integral part of these financial statements.

statement of cash flow

for the year ended 31 December 2010

	Note	2010 RM	2009 RM restated
Cash flows from operating activities			
Income before taxation		1,857,801	1,512,896
Adjustment for:			
Amortisation of long term prepaid expenses	10	(13,417,106)	(13,618,078)
Depreciation of property, plant and equipment	3	344,258	222,780
Interest income		(917,919)	(856,546)
Allowance for doubtful debt		35,059	19,710
Charge of prepaid employee benefits		-	1,716,512
Loss on disposal of property, plant and equipment		4,517	-
Deficit before changes in working capital		(12,093,390)	(11,002,726)
Changes in working capital:			
Receivables		112,254	520,656
Payables and accruals		300,864	(1,856,953)
Cash used in operation		(11,680,272)	(12,339,023)
Tax refund		113,001	91,366
Prepaid employee benefits paid		-	(1,716,512)
Net cash used in operating activities		(11,567,271)	(13,964,169)
Cash flows from investing activities			
Interest received		929,654	930,092
Purchase of equipments	3	(68,226)	(934,753)
Net cash (used in)/from investing activities		861,428	(4,661)
Cash flow from financing activity			
Grants received		14,750,000	17,335,000
Net cash from financing activity		14,750,000	17,335,000
Net increase in cash and cash equivalents		4,044,157	3,366,170
Cash and cash equivalents at beginning of year		28,794,494	25,428,324
Cash and cash equivalents at end of year		32,838,651	28,794,494

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

Cash and bank balances	6	1,133,452	1,592,459
Deposits placed with licensed bank	6	12,705,199	2,702,035
Deposits placed with scheduled institution	6	19,000,000	24,500,000
		<u>32,838,651</u>	<u>28,794,494</u>

The notes on pages 57 to 72 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 30 May 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards (FRS).

The Company shall apply the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) once they become effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact on the current and prior periods' financial statements upon their first adoption.

The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company, other than those disclosed in the following footnotes:

- Note 2(a) - Financial Instruments
- Note 2(c) - Receivables
- Note 2(f) - Employee benefits prepaid
- Note 2(g) - Payables

(a) Financial instruments

Arising from the early adoption of FRS 139, with effect from 1 January 2009, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 16.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Company has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(g)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(b) 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 profit or loss.

(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 profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipments (continued)

(iii) Depreciation

Depreciation is recognised in profit or loss 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.

(c) Receivables

Prior to 1 January 2010, receivables are initially recognised at their cost and subsequently, stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with policy Note 2(a).

(d) 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 statement of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits (if any).

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 2(a).

(e) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment (continued)

(i) Financial assets (continued)

An impairment loss for available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised.

An impairment loss for unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

(ii) Non-financial assets

The carrying amounts of assets (except for financial assets) are reviewed at each end of the reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

(f) Employee benefits

Employee benefits prepaid

In prior year, 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.

With effect from 1 January 2010, the Company changed its accounting policy on the treatment on employee benefits prepaid from amortising the prepaid expense over a period of 3 years to fully recognising the prepaid expenses in the profit or loss in year of the expenses incurred.

This change in accounting policy has been accounted for retrospectively and comparative figures have been restated as disclosed in Note 17.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Payables

Prior to 1 January 2010, payables are measured initially and subsequently at cost.

Following the adoption of FRS 139, payables are categorised and measured as financial liabilities in accordance with policy Note 2(a).

(h) Recognition of income and expenditure

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

(i) 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 statements of comprehensive income as and when the expenses are incurred.

(j) Interest income

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

(k) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the profit or loss 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 by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial provision and their tax bases. 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 or 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 end of the reporting period.

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 the end of 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 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/ 1 January 2010	175,888	631,608	70,483	262,077	307,089	1,447,145
Additions	1,699	53,724	-	450	12,353	68,226
Reclassifications	(8,191)	3,188	-	5,003	-	-
Write off	-	(5,300)	(7,135)	-	-	(12,435)
At 31 December 2010	169,396	683,220	63,348	267,530	319,442	1,502,936
<i>Depreciation</i>						
At 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/ 1 January 2010	57,312	250,013	16,441	17,472	10,236	351,474
Depreciation for the year						
Additions	33,624	211,763	13,979	53,446	30,915	343,727
Reclassifications	(1,131)	1,328	-	334	-	531
Write off	-	(5,299)	(2,618)	-	-	(7,917)
At 31 December 2010	89,805	457,805	27,802	71,252	41,151	687,815
<i>Carrying amounts</i>						
At 1 January 2009	104,650	245,580	33,468	-	-	383,698
At 31 December 2009/ 1 January 2010	118,576	381,595	54,042	244,605	296,853	1,095,671
At 31 December 2010	79,591	225,415	35,546	196,278	278,291	815,121

4. EMPLOYEE BENEFITS PREPAID

	2010 RM	2009 RM restated
Employee benefits prepaid	-	1,716,512
Less:		
Accumulated amortisation		
- As previously stated	-	(189,008)
Effect of change in accounting policy (see Note 16)	-	(1,527,504)
- As restated	-	(1,716,512)
	-	-

Employee benefits prepaid arose 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.

During the year, the Company changed its accounting policy on the treatment of employee benefits prepaid from amortising the prepaid expense over a period of 3 years to fully recognising the prepaid expense in the profit or loss in year of the expenses incurred. This change in accounting policy has been accounted for retrospectively and comparative figures have been restated as disclosed in Note 17.

5. RECEIVABLES

	2010 RM	2009 RM
Amount due from SC	316,688	536,387
Trade receivables	742,911	402,880
Other receivables	355,443	360,833
	1,415,042	1,300,100
Less: Allowance for doubtful debts	(43,699)	(19,710)
	1,371,343	1,280,390

Included in other receivables are interest due from fixed deposit placement of RM323,167 (2009: RM334,902).

6. CASH AND CASH EQUIVALENTS

	2010 RM	2009 RM
Cash and bank balances	1,133,452	1,592,459
Deposits placed with licensed banks	12,705,199	2,702,035
Deposits placed with scheduled institution	19,000,000	24,500,000
	32,838,651	28,794,494

7. LONG TERM PREPAID EXPENSES

	2010 RM	2009 RM restated
Non-current		
Long term prepaid expenses	28,980,613	27,397,719
Grant from Capital Market Development Fund (“CMDF”)	49,375,000	37,375,000
Grant from SC	18,000,000	15,000,000
	67,375,000	52,375,000
Less: Amortisation of long term prepaid expenses		
- Grant from CMDF	(22,506,375)	(12,339,594)
- Grant from SC		
- As previously stated	(15,888,012)	(11,110,183)
Effect of change in accounting policy (Note 16)	-	(1,527,504)
- As restated	(15,888,012)	(12,637,687)
At 31 December	28,980,613	27,397,719

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 RM3 million (2009: 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 RM49.38 million in the first four years beginning year 2007 while the remaining of RM15.38 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) years. 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

	2010 RM	2009 RM
Other payables	501,750	316,734
Accrued expenses	163,966	16,009
Amount due to SC	89,370	120,336
Institute of Corporate Responsibility Malaysia (ICRM) fund	12,899	14,042
	<u>767,985</u>	<u>467,121</u>

9. STAFF COSTS

	2010 RM	2009 RM
Employees Provident Funds	691,111	675,285
Other staff costs	6,237,747	6,152,752
	<u>6,928,858</u>	<u>6,828,037</u>

The number of employees of the Company at the end of the year was 60 (2009 - 67).

10. NET INCOME FOR THE YEAR

	Note	2010 RM	2009 RM restated
Net income for the year is arrived at after charging:			
Auditor's remuneration		15,500	15,500
Allowance for doubtful debt		35,059	19,710
Charge of prepaid employee benefits	4	-	1,716,512
Depreciation on property, plant and equipment	3	344,258	222,780
Management fee		275,400	284,400
Rental expense		427,646	461,200
		<u>1,101,863</u>	<u>2,719,602</u>
and after crediting:			
Amortisation of long term prepaid expenses		13,417,106	13,618,078
Realised forex income		-	9,320
Rental income		488,460	547,750
Reversal of allowance for doubtful debts		11,070	-
		<u>13,916,636</u>	<u>17,185,148</u>

11. TAXATION

	2010 RM	2009 RM
Current tax expense		
Over provision in prior year	-	(220,843)
Tax (credit)/expense	<u>-</u>	<u>(220,843)</u>
Reconciliation of effective tax expense		
Total comprehensive income for the year	<u>1,857,801</u>	<u>1,512,896</u>
Tax at Malaysian tax rate of 25% (2009: 25%)	464,450	378,224
Tax exempt income	(464,450)	(378,224)
Over provision in prior year	-	(220,843)
Tax expense	<u>-</u>	<u>(220,843)</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 31 December		Net/Gross balance outstanding at 31 December	
	2010 RM	2009 RM	2010 RM	2009 RM
Related company				
SC				
- Management fee	(275,400)	(284,400)	(22,200)	(23,700)
- Grant	<u>3,000,000</u>	<u>5,000,000</u>	<u>250,000</u>	<u>500,000</u>
CMDF				
- Grant	<u>12,000,000</u>	<u>12,835,000</u>	<u>-</u>	<u>-</u>
Permodalan Nasional Berhad				
- Training Industry*	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
RHB Investment Bank				
- Training Industry*	<u>32,040</u>	<u>-</u>	<u>2,700</u>	<u>-</u>

* There are no allowances for doubtful debts being provided in respect of these balances outstanding at year end and no allowances for doubtful debts made during the year.

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are interest-free, unsecured and expected to be settled with cash.

13. CAPITAL COMMITMENTS

	2010 RM	2009 RM
Property, plant and equipment		
<i>Approved but not contracted for:</i>		
Within one year	<u>483,300</u>	<u>-</u>

14. FINANCIAL INSTRUMENTS

14.1 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. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

14.2 Credit risk

Credit risk is a risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. 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 with licensed bank and scheduled institution. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The ageing of receivables as at the end of the reporting year was:

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
2010				
Not past due	1,094,502	-	-	1,094,502
Past due 0 - 30 days	56,805	-	-	56,805
Past due 31 - 60 days	91,205	-	-	91,205
Past due more than 60 days	172,530	(43,699)	-	128,831
	<u>1,415,042</u>	<u>(43,699)</u>	<u>-</u>	<u>1,371,343</u>

The movements in the allowance for impairment losses of receivables during the financial year were:

	RM
At 1 January 2010	19,710
Impairment loss recognised	35,059
Impairment loss reversed	(11,070)
	<u>43,699</u>
At 31 December 2010	<u>43,699</u>

No comparison ageing analysis being presented by virtue of the exemption given in paragraph 44AA of FRS 7.

14. FINANCIAL INSTRUMENTS (CONTINUED)

14.2 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than sovereign or near sovereign.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Company has only invested in fixed deposits. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

14.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual cash flow.

	Carrying amount RM	Contractual cash flow RM	Under 1 year RM
Financial liabilities			
Other payables	767,985	767,985	767,985

14.4 Fair value

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables and other payables, the carrying amounts approximate fair value due to the relatively short-term nature of these financial instruments.

15. RESERVES MANAGEMENT

The SIDC's reserves management objective is to maintain adequate reserves to safeguard the SIDC's ability to perform its duties and functions independently and effectively. The management monitors the long term capital commitments to ensure that sufficient funds are available to meet the obligations. SIDC's investments are managed in a prudent manner to ensure the preservation of the funds.

16. CHANGE IN ACCOUNTING POLICIES

16.1 Employee benefits prepaid

In prior year, 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.

With effect from 1 January 2010, the Company changed its accounting policy on the treatment on employee benefits prepaid from amortising the prepaid expense over a period of 3 years to fully recognising the prepaid expenses in the profit or loss in year of the expenses incurred.

This change in accounting policy is applied retrospectively and the effects are as follows:

	2010 RM	2009 RM
Statement of financial position		
Employee benefits prepaid at 31 December	-	1,527,504
Over recognition of employee benefits prepaid	-	(1,527,504)
	<hr/>	<hr/>
Employee benefit prepaid at 31 December, if restated	-	-
	<hr/>	<hr/>
Long term prepaid expenses at 31 December	28,980,613	28,925,223
Underprovision of amortization of grant	-	(1,527,504)
	<hr/>	<hr/>
Long term prepaid expenses at 31 December, if restated	28,980,613	27,397,719
	<hr/>	<hr/>
Accumulated surplus at 31 December	5,276,517	3,418,716
Effect of change in accounting policy	-	-
	<hr/>	<hr/>
Accumulated surplus at 31 December	5,276,517	3,418,716
	<hr/>	<hr/>

This change in accounting policy has no impact on the Company's net income for the years ended 31 December 2010 and 2009.

16.2 FRS 139, Financial Instruments: Recognition and measurements

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

16. CHANGE IN ACCOUNTING POLICIES (CONTINUED)

16.3 FRS 101, Presentation of Financial Statement (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the change in accounting policies.

	As previously stated RM	Adjustments RM	As restated RM
Statement of financial position			
As at 31 December 2009			
Employee benefits prepaid	1,527,504	(1,527,504)	-
Long term prepaid expenses	<u>28,925,223</u>	<u>(1,527,504)</u>	<u>27,397,719</u>
Statement of comprehensive income			
For the year ended 31 December 2009			
Amortisation of employee benefits prepaid	189,008	(189,008)	-
Charge of prepaid employee benefits	-	1,716,512	1,716,512
Amortisation of grant	12,090,574	1,527,504	13,618,078
Net income for the year	<u>1,512,896</u>	<u>-</u>	<u>1,512,896</u>

FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income and expenditure statement for the year ended 31 December 2009 have been re-presented as statement of comprehensive income.

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 53 to 72 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company at 31 December 2010 and of its financial performance and cash flows for the financial 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' Tajuddin Atan

Kuala Lumpur,

Date: 30 May 2011

statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **John Zinkin**, the officer primarily responsible for the financial management of Securities Industry Development Corporation, do solemnly and sincerely declare that the financial statements set out on pages 53 to 72 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 30 May 2011.

John Zinkin

Before me:

Shafie B. Daud (No. W 350)
Commissioner for Oaths

independent auditors' report

to the members of Securities Industry Development Corporation

(Company No. 765264-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 statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flow of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 72.

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 entity's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 2010 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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Approval Number: 1745/12/11(J)
Chartered Accountant

Petaling Jaya,

Date: 30 May 2011

**SECURITIES INDUSTRY
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