

The background of the entire page is a stylized globe with a grid of latitude and longitude lines. The globe is rendered in shades of blue and white, with a bright light source in the upper right corner creating a lens flare effect. The logo for SIDREEC is centered in the upper half of the page. It consists of the letters 'SIDREEC' in a stylized font. 'SI' is green, 'D' is blue with a red dot above it, 'RE' is blue, and 'EC' is blue. Below the logo, the full name 'Securities Industry Dispute Resolution Center' is written in a smaller, blue, sans-serif font. Underneath that, the company number 'COMPANY NO: 909583-H' is written in an even smaller, blue, sans-serif font.

SIDREEC
Securities Industry Dispute Resolution Center
COMPANY NO: 909583-H

Annual Report **2011**

ANNUAL REPORT 2011

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

(Company No. 909583-H)

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the SECOND ANNUAL GENERAL MEETING of the company will be held at Conference Hall 2, Securities Commission, No. 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur on Wednesday, 25th April 2012 at 2.30 p.m.

AGENDA

- (1) To receive the Audited Accounts for the Financial Year ended 31 December 2011 and the Reports of the Directors And the Auditors thereon.

Refer to Note A

ORDINARY BUSINESS

- (2) To re-elect Dato' Halipah Binti Esa retiring pursuant to Article 62 of the Company's Articles of Association.

Ordinary Resolution 1

- (3) To re-elect Tang Chee Kin retiring pursuant to Article 62 of the Company's Articles of Association.

Ordinary Resolution 2

- (4) To re-appoint Dato' Kok Wee Kiat retiring in accordance with Section 129(6) of the Companies Act, 1965.

Ordinary Resolution 3

- (5) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 4

SPECIAL BUSINESS

- (6) To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD



KELVIN LOH HSIEN HAN

Company Secretary
(BC/L/1209)

Kuala Lumpur

Dated: 2nd April 2012

Note A

This Agenda item is meant for discussion only as Section 169(1) of the Companies Act, 1965 does not require a formal approval of members and hence is not put forward for voting.

CHAIRMAN'S STATEMENT

2011 marks the first year of operations for the Securities Industry Dispute Resolution Center (SIDREC). Soon after the Capital Markets and Services (Dispute Resolution) Regulations 2010 was gazetted on 30 December 2010, SIDREC was officially launched on 19 January 2011. The launching of SIDREC was officiated by Yang Berhormat Senator Dato' Dr Awang Adek Hussin, Deputy Minister of Finance.

SIDREC is empowered to resolve monetary disputes lodged by clients of SIDREC Members, which comprise of holders of licences for dealing in securities, trading in futures contracts and fund management. As an independent body, SIDREC offers impartial mediation services for particular claims between SIDREC Members and their clients, and if mediation fails, the dispute could progress to a fair adjudication process to settle the claim. The composition of SIDREC's Board of Directors, which consists of 4 independent directors and 3 industry representatives helps to ensure SIDREC's independence.

In its maiden year, SIDREC focused on raising awareness of its services amongst the investing public and its Members, as well as explaining and guiding them through our processes when cases and complaints were received.

As part of its promotional activities, SIDREC participated in investor roadshows, gave media interviews and engaged with its Members, other alternative dispute resolution bodies and the Securities Commission educational efforts as a way to reach out to investors as well as the general public.

We would like to thank SIDREC Members who have assisted our promotional efforts in different ways, such as distributing our leaflets at their premises, putting hyperlinks to SIDREC on their own websites, and providing us space in their 'meet the public' campaigns. Towards the latter part of the year, Members have also begun to refer their clients to us when no agreement could be reached through their own initial resolution process. I would like to commend these Members for cooperating to make the alternative dispute resolution framework a success. SIDREC's ultimate aim is to bolster confidence in our capital market, and this benefits all participants. A dispute resolution body, with Members made up of players in the securities industry, yet retaining the independence necessary to carry out an effective mediation process for small retail investors who might otherwise find it financially draining to bring their claims to court, embodies a concerted effort within the industry to ensure fair and quick settlement of disputes.

In 2011, 21 enquiries and cases were dealt with, out of which three were mediated and adjudicated by the year end. Some of the enquiries related to claims which did not involve a SIDREC Member; other claims had already been heard in court, thus precluding SIDREC's purview. However, we guide investors on the proper course of action and authority to refer to. We take on this function as an opportunity to advise the public and educate them on the various processes and avenues in the regulatory framework.

There is increasing interest to offer mediation and adjudication services for small investors. Generally, the region is moving towards offering specialized dispute resolution for small claims. In light of the increasing number of cross border transactions in the capital market, there are efforts at the ASEAN level to study cross border dispute resolution issues among member countries. I am happy to report that SIDREC is represented through its CEO at the working group level in this endeavour.

For the information of Members, our audited financial statements will show that we continue to receive funding from the Securities Commission (SC) in 2011, and I thank the SC for its continued support of SIDREC, in all its forms. Eventually, SIDREC's operations will be funded from fees and levies collected from Members. In this regard, SIDREC management is working out the fee framework, and will communicate this to Members in due course.

On behalf of the Board, I would like to record our sincere appreciation to the staff of SIDREC for their hard work in pioneering SIDREC's operations through 2011. Our thanks also go to all SIDREC Members for their continued support.

DATO' RANITA MOHD HUSSEIN
Chairman

BOARD OF DIRECTORS

(As at 31 December 2011)

Independent Directors

Chairman

Y.Bhg. Dato' Ranita binti Mohd Hussein

Dato' Ranita is the Chairman of SIDREC. She is a legal consultant and is also a Member of the Advisory Council of Jurists of the Asia Pacific Forum for National Human Rights Institutions.

Prior to her present appointments, Dato' Ranita has served as a Member of the Permanent Court of Arbitration, the Hague, a Commissioner in the Human Rights Commission Malaysia (Suhakam), a partner of Skrine & Co in Kuala Lumpur and Brunei offices, a Judicial Commissioner in the High Court, Malaysia and an Adviser (now redesignated as Assistant Governor) to the Central Bank of Malaysia.

Where the capital markets are concerned, Dato' Ranita served as a member of the Governing Committee of the Kuala Lumpur Stock Exchange from 1997 to 2000 and as a director on the board of the Kuala Lumpur Options and Financial Futures Exchange from 1999 to 2000.

Dato' Ranita began her career in the Judicial and Legal Services, where, from 1969 to 1991, she served in various positions ranging from magistrate and Senior Federal Counsel at the Economic Planning Unit (EPU) and Foreign Investment Committee to Head of Advisory & International Division, Attorney General's Chambers and Chief Parliamentary Draftsman later during her tenure.

Dato' Ranita holds a LLB (Hons) from the University of Singapore

Other Independent Directors

Y.Bhg. Dato' Kok Wee Kiat

Dato' Kok Wee Kiat currently sits on the Boards of Aluminum Company of Malaysia Berhad, Bata Malaysia Sdn Bhd and The Bank of Nova Scotia Bhd.

Dato' Kok was formerly the Deputy Minister of Trade & Industry and Member of Parliament for Selandar from 1986-1990. He has also served as Co-Patron of Malaysian Canadian Business Council (1989-2010), Vice President of Malaysian Chinese Association (1985-1990), as well as President of Rotary Club of Petaling Jaya (1985).

Dato' Kok Wee Kiat has been actively involved in various corporate responsibility activities. He has been the Honorary President of the Business Council for Sustainable Development Malaysia (now renamed Business Council for Sustainability & Responsibility Malaysia) since 1998 and Chairman of the Environmental Quality Council, Malaysia from 2000 until 2009. He sat on the Advisory Board to the Greening of Industry Network (GIN) from 2002 until 2005. Dato' Kok has also been selected to sit on the panel of judges for both the ACCA Sustainability Reporting Awards, as well as StarBiz-ICR Corporate Responsibility Reporting Awards. Dato Kok has been the Chairman of the Organizing Committee of the Prime Minister's Hibiscus Award since its inauguration in 1996.

Dato' Kok Wee Kiat holds a LLB (Hons) (Sing), and was one of the founding partners of Messrs Mah-Kok & Din.

Y.Bhg. Dato' Halipah binti Esa

Dato' Halipah currently serves as Independent Non-Executive Director of several public-listed companies, including MISC Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad and KLCC Property Holdings Berhad. She also serves on the Boards of Malaysia Deposit Insurance Corporation, Cagamas SME Bhd and Northport Bhd.

She was Chairman of Pengurusan Aset Air Bhd and had also served on the Boards of Petronas, FELDA, Employees Provident Fund, Pensions Trust Fund, Inland Revenue Board, Putrajaya Corporation, UDA Holdings Bhd and Malaysia –Thailand Joint Development Authority.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department. During her tenure in EPU, she held various senior positions including Director of Energy, Senior Director of Macroeconomics and

Deputy Director General Macro Planning Division, rising to the position of Director General of EPU, the post she held when she retired from the Government in 2006. She had also served the Ministry of Finance as the Deputy Secretary General.

Dato' Halipah had also been a consultant to the World Bank and United Nations Development Programme (UNDP) in advising the Royal Kingdom of Saudi Arabia on economic planning and had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries..

Dato' Halipah holds a BA Hons (Econ), as well as a Master of Economics from the University of Malaya.

Y.Bhg. Dato' Ambiga Sreenevasan

Dato' Ambiga has been in legal practice for 30 years. She is a founding partner of Sreenevasan, Advocates & Solicitors.

Dato' Ambiga was the President of the Malaysian Bar from March 2007 to March 2009. She was also a panelist of the Kuala Lumpur Regional Centre for Arbitration under the Malaysian Network Information Centre Domain Name Dispute Resolution Policy ("MYDRP") from 2006 – 2009. She was the Vice President of the Malaysian Intellectual Property Association in 2002.

Dato' Ambiga is a Mediator on the Panel of the Bar Council, Malaysian Mediation Centre and has sat as an arbitrator. She is also Co-Chairperson of the Bar Council Committee on Orang Asli Rights. She is a member of the Malaysian Intellectual Property Association (MIPA), as well as the Asian Patent Attorneys Association (APAA).

She is currently the Co-Chairperson of Bersih 2.0, a civil society movement for free and fair elections. She is also a member of the executive committee of the Human Rights Organisation (HAKAM).

Dato' Ambiga holds a LLB (Hons) from the University of Exeter, England.

She is a recipient of the United States Secretary of State's International Women of Courage Award for the year 2009. On 21st July 2011, she was awarded an Honorary Doctorate of Laws (LLD) from the University of Exeter for her work in advancing human rights. On 23rd September 2011, she was conferred the "Chevalier" of the French Order of the "Légion d'Honneur" for her work in human rights.

Directors Representing Members

Y.Bhg. Tan Sri Dato' Sri Hamad Kama Piah Bin Che Othman

Tan Sri Dato' Sri Hamad Kama Piah Che Othman currently holds the position of President and Group Chief Executive of Permodalan Nasional Berhad (PNB).

Tan Sri Dato' Sri Hamad holds an Honorary Doctorate in Business Administration from Universiti Tenaga Nasional, Malaysia, Masters of Philosophy from the University of Swansea, United Kingdom, and a Diploma in Statistics from Universiti Teknologi MARA, Malaysia.

He is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA). He is also a Certified Financial Planner (CFP) of the Financial Planning Association of Malaysia and Registered Financial Planner (RFP) of the Malaysian Financial Planning Council. He is also a holder of the Capital Markets Services Representative License.

His working career spans over 30 years in the field of investment and unit trust management. Prior to taking the helm at PNB on 1 February 1998, he undertook various responsibilities in various facets of investment management and corporate finance in PNB including as portfolio manager and head of corporate restructuring.

Besides sitting on the Board of PNB, Tan Sri Dato' Sri Hamad is also a director of Amanah Saham Nasional Berhad, Pelaburan Hartanah Nasional Berhad, Amanah Mutual Berhad, Sime Darby Berhad, Sime Darby Property Berhad, Chemical Company of Malaysia Berhad, and several other companies.

Y.Bhg. Dato' Saiful Bahri bin Zainuddin

Dato' Saiful Bahri is currently the Managing Director of Affin Investment Bank Berhad – Stockbroking Division. Dato' Saiful Bahri holds a Bachelor of Science Degree in Economics & Finance from Western Michigan University, USA in 1985. He also attended the Global Leadership Development Programme at Stanford University, USA.

Dato' Saiful Bahri is a Board Member of Bursa Malaysia Berhad and also sits as a committee member of the Listing Committee Meeting and Nomination and Remuneration Committee Meeting of Bursa Malaysia Berhad. Dato' Saiful Bahri is a member of the SC's Securities Law Consultative Committee as well as the Financial Adviser to the State Government of Negeri Sembilan and member of Negeri Sembilan State Government Think Tank. Dato' Saiful Bahri

also sits as the Board of Trustee for Bumiputera Dealer Representatives Education Fund (BDREF) and Bumiputera Training Fund (BTF).

Dato' Saiful Bahri previously held positions which include the Executive Director, Dealing of Rashid Hussain Securities and CEO/Executive Director, Dealing of Fima Securities Sdn Bhd.

Dato' Saiful Bahri was also with Heavy Industries Corporation of Malaysia (HICOM) attached to the Corporate Planning Division. Dato' Saiful Bahri was a former member of the Securities Market Consultative Panel of Bursa Malaysia Berhad. He was also a committee member of Masjid Wilayah Persekutuan.

Mr Raymond Tang Chee Kin

Mr. Raymond Tang is the Regional Chief Investment Officer of CIMB-Principal Asset Management Berhad. He has been with CIMB-Principal since 1 October 2004. He has over 20 years of experience in the asset management business, managing both institutional and unit trust funds.

Prior to joining CIMB-Principal, Mr. Raymond Tang was the Chief Investment Officer / Executive Director of CMS Dresdner Asset Management from 1996 to 2004 and was jointly responsible in making regional asset allocation decisions within the Asia-Pacific ex-Japan. He began his career as an investment officer in RHB Asset Management in 1987 for 4 years, before moving on to CIMB Securities as an investment executive for 1 year. In 1992, he joined SBB Asset Management as a fund manager until 1996.

Currently, Mr Raymond Tang is the Chairman of Malaysian Association of Asset Managers (MAAM) and Chairman of FTSE Bursa Malaysia Index Advisory Committee. He is also an invitee in the Executive Committee of Malaysia International Islamic Financial Centre (MIFC).

Mr Raymond Tang is a Fellow of the Chartered Institute of Management Accountants of England and he holds a Capital Markets Services Representative's License for fund management under CMSA.

OVERVIEW OF SIDREC'S ACTIVITIES

With its launch on 19 January, SIDREC was able to begin its operations in earnest in 2011. Being a new entity, our main concern was to raise awareness of SIDREC's existence and its services among the public as well as our stakeholders.

Promotional activities

On launching day itself, the event and interviews with our Chairman were reported in the mainstream press, and we were happy to note that the coverage did generate some interest and enquiries from affected investors. Throughout the year, we continued to give interviews in the printed press and radio, to raise awareness of SIDREC's services.

In addition to the media, we participated in investor roadshows to meet the investing public on the ground. These events included Minggu Saham Amanah Malaysia, organized by Permodalan Nasional Berhad in April, Federation of Malaysian Consumer Associations' (FOMCA) financial literacy month launch in September as well as Minggu Kesedaran Kewangan in Sungai Petani, among others. Such events gave us an opportunity to gauge the public's interest and awareness in SIDREC, as well as to educate them on our services and the processes involved in lodging a claim.

In addition to the above, we have worked closely with the Securities Commission, Financial Mediation Bureau and Consumer Claims Tribunal so that any monetary claims relating to the capital market received by them are channeled to us. These bodies, which have been established far longer than SIDREC, tend to be the first port of call in the minds of complainants and it is fortunate that we are able to leverage on this recognition in these early years of SIDREC formation.

Complaints received

In 2011, SIDREC has received a total of 21 queries and claims. The breakdown of the cases according to the type of capital market product/service is set out in the table below:

Type	No. of cases
Dealing in securities (shares)	10
Trading in futures contracts	1
Dealing in securities (unit trusts)	4
Miscellaneous (e.g. complaints involving private companies, public listed company or entities not licensed with Securities Commission, and/or business arrangements not related to the regulated activities.)	6
TOTAL	21

All the eligible claims received during the year under review have been mediated and adjudicated by the end of 2011.

The breakdown of cases according to eligible claims and cases falling out of SIDREC's Terms of Reference (TOR) is set out below:

Block	Description	No. of cases
A	Eligible claims mediated and adjudicated by SIDREC	3
B	Ineligible as the claim had not yet been referred to the Member for resolution (Claim made prematurely to SIDREC)	6
C	Ineligible as the dispute had already been brought to court	3
D	Other ineligible claims, being matters beyond SIDREC's jurisdiction	9
	TOTAL	21

The breakdown of cases in Blocks A, B and C above according to the nature of complaints/queries is set out below:

Description	No. of cases
<i>Member's Practice/Policies</i>	
Error in share allocation process	1
Sell limit imposed on online trading portal/internet trading	1
Calculation of interest	1
<i>Market Conduct</i>	
Unauthorized trading	3
Unauthorized switching of funds	1
Execution errors	1
Misappropriation by staff	1
<i>Service Standards</i>	
Delay/Weaknesses/Failure in processes	3
TOTAL	12

Observations

It is to be noted that many of the claims received were ineligible. However, although 9 of the cases fell beyond SIDREC's jurisdiction altogether, an equal number fell within our scope but were ineligible for being filed either "too early" or "too late". In the former case, 6 disputes were brought to SIDREC before our Member had been given the chance to fully resolve the dispute. In the latter case, the 3 matters concerned had already been tried in court, and the claimant came to SIDREC hoping to get a second chance at a favourable outcome. As SIDREC cannot usurp the authority of the courts, these claims had to be denied. For the cases that fell within the ambit of other authorities, we forwarded the complaint to those authorities or did our best to guide and assist the claimants, within our means.

The complaints fell within a variety of categories, and although occasionally procedural weaknesses were detected on the part of the Member, we also discovered that the dispute was sometimes due to misunderstanding of procedures on the part of the complainant. As it is our mandate to advise and mediate in fairness, our mediators will advise the investor when his understanding of the situation or rules is clearly wrong.

We have also noted that in handling complaints from their clients, many Members neglect to expressly state in their final reply to the claimant that the letter is its "final reply", and that if the

claimant is dissatisfied with the outcome, he/she can refer the dispute to SIDREC *within 180 days from the date of the final reply*. Many claimants are not aware that there is alternative dispute resolution services are available to them. To be fair to our Members, such a requirement is a new one, having only been imposed through SIDREC's TOR. Towards the later half of the year, we did receive referrals from Members who had failed to resolve their client's disputes. We hope that SIDREC and our Members can work more closely to promote SIDREC and raise awareness of SIDREC amongst its clients.

SIDREC is set up with the aim to provide alternative dispute resolution which is impartial, independent and cost-effective to the public, in order that investors' confidence is strengthened when dealing with capital market products/services offered by our Members. Our mediators have found that investors appreciate having an independent party like SIDREC with which to discuss their complaint; at the very least, talking to SIDREC enables investors to evaluate the position of their claims, whether it is eligible, ineligible or even frivolous, or to get advice as to the proper authority to complain to (when matters fall outside SIDREC's jurisdiction).

Staff matters

This year, I'd like to welcome Ms Hong Siew Lai and Ms Daphne Sebastian as mediators to SIDREC. They both bring with them different areas of expertise to SIDREC – Ms Hong began her career as an advocate and solicitor, and has many years of experience as a compliance officer at an investment bank. Ms Daphne has spent most of her career in the Judicial and Legal Services, with her most senior appointment being that of Sessions Court Judge. She has also lectured at the University of Malaya, and has served as a President at the Consumer Claims Tribunal. Their combined expertise will enrich SIDREC's dispute resolution mechanism and build up its institutional knowledge as the Center continues in its endeavours.

The Management of SIDREC wishes to express its appreciation to the Board of Directors for their guidance and advice. I would also like to thank our mediators and staff for their commitment and dedication to SIDREC this year. We also look forward to working with our Members, regulators and counterparts to address the needs of claimants in the Malaysian capital market.

KHAIRUL RIDZWAN ABDUL KUDDUS

Chief Executive Officer

LIST OF MEMBERS (as at 29 February 2012)

1	A.A. Anthony Securities Sdn Bhd	27	Assar Asset Management Sdn Bhd
2	A.D. Financial Sdn Bhd	28	BIMB Investment Management Berhad
3	Aberdeen Asset Management Sdn Bhd	29	BIMB Securities Sdn Bhd
4	Aberdeen Islamic Asset Management Sdn Bhd	30	BNP Paribas Investment Partners Malaysia Sdn Bhd
5	Affin Fund Management Berhad	31	BNP Paribas Investment Partners Najmah Malaysia Sdn Bhd
6	Affin Investment Bank Berhad	32	Capital Dynamics Asset Management Sdn Bhd
7	AIMS Asset Management Sdn Bhd	33	CIMB Futures Sdn Bhd
8	Alliance Investment Bank Berhad	34	CIMB Investment Bank Berhad
9	Alliance Investment Management Berhad	35	CIMB Wealth Advisors Berhad
10	Amanah Mutual Berhad	36	CIMB-Principal Asset Management Berhad
11	Amanah Saham Kedah Berhad	37	CIMB-Principal Islamic Asset Management Berhad
12	Amanah Saham Nasional Berhad	38	Citigroup Global Markets Malaysia Sdn Bhd
13	Amanah Saham Sarawak Berhad	39	CLSA Securities Malaysia Sdn Bhd
14	Amanahraya Investment Management Sdn Bhd	40	Corston-Smith Asset Management Sdn Bhd
15	Amara Investment Management Sdn Bhd	41	Credit Suisse Securities (Malaysia) Sdn Bhd
16	AmInvestment Bank Berhad	42	CTLA Financial Planners Sdn Bhd
17	AmInvestment Management Sdn Bhd	43	Eastspring Al-Wara' Investments Berhad
18	AmInvestment Services Berhad	44	Eastspring Investments Berhad
19	AmIslamic Funds Management Sdn Bhd	45	ECM Libra Investment Bank Berhad
20	AmFutures Sdn Bhd	46	Equiniti Services Sdn Bhd
21	Amundi Islamic Malaysia Sdn Bhd	47	ESB Artha Global Wealth Management Sdn Bhd
22	Amundi Malaysia Sdn Bhd	48	FA Securities Sdn Bhd
23	Apex Investment Services Berhad	49	Fedrums Sdn Bhd
24	Areca Capital Sdn Bhd	50	FIN Freedom Sdn Bhd
25	Asian Islamic Investment Management Sdn Bhd	51	Fortress Capital Asset Management (M) Sdn Bhd
26	ASM Investment Services Berhad		

52	Franklin Templeton Asset Management (Malaysia) Sdn Bhd	80	Kenanga Islamic Investors Berhad
53	Franklin Templeton GSC Asset Management Sdn Bhd	81	KFH Asset Mangement Sdn Bhd
54	Golden Touch Asset Management Sdn Bhd	82	Kumpulan Sentiasa Cemerlang Sdn Bhd
55	Goldman Sachs (Malaysia) Sdn Bhd	83	Legacy Advisory Sdn Bhd
56	GV Wealth Planners Sdn Bhd	84	Libra Invest Berhad
57	Hadrons Capital Sdn Bhd	85	LT International Futures (M) Sdn Bhd
58	HDM Futures Sdn Bhd	86	M & A Securities Sdn Bhd
59	Hong Leong Asset Management Bhd	87	MAAKL Mutual Berhad
60	Hong Leong Fund Management Sdn Bhd	88	Macquarie Capital Securities (Malaysia) Sdn Bhd
61	Hong Leong Investment Bank Berhad	89	Malacca Securities Sdn Bhd
62	Hwang Investment Management Berhad	90	Malaysian Issuing House Sdn Bhd
63	HwangDBS Investment Bank Berhad	91	Manulife Asset Management (Malaysia) Sdn Bhd
64	IF Derivatives Sdn Bhd	92	Manulife Unit Trusts Berhad
65	iFAST Capital Sdn Bhd	93	Mayban Investment Management Sdn Bhd
66	ING Funds Berhad	94	Maybank Investment Bank Berhad
67	Innosabah Options Futures Sdn Bhd	95	Mercury Asset Management Sdn Bhd
68	Innosabah Securities Berhad	96	Mercury Securities Sdn Bhd
69	Inter-Pacific Asset Management Sdn Bhd	97	Meridian Asset Management Sdn Bhd
70	Inter-Pacific Securities Sdn Bhd	98	MIDF Amanah Asset Mangement Berhad
71	i-VCAP Management Sdn Bhd	99	MIDF Amanah Investment Bank Berhad
72	JF Apex Securities Berhad	100	MIMB Investment Bank Berhad
73	JPMorgan Securities (Malaysia) Sdn Bhd	101	Muamalat Invest Sdn Bhd
74	Jupiter Securities Sdn Bhd	102	Navis Management Sdn Bhd
75	KAF Fund Management Sdn Bhd	103	Nomura Asset Management Malaysia Sdn Bhd
76	KAF-Seagroatt & Campbell Securities Sdn Bhd	104	Nomura Islamic Asset Management Sdn Bhd
77	Kenanga Deutsche Futures Sdn Bhd	105	Nomura Securities Malaysia Sdn Bhd
78	Kenanga Investment Bank Berhad	106	Okachi (M) Sdn Bhd
79	Kenanga Investors Berhad	107	Opus Asset Management Sdn Bhd
		108	Oriental Pacific Futures Sdn Bhd

109	OSK International Asset Management Sdn Bhd	138	Singular Asset Management Sdn Bhd
110	OSK Investment Bank Berhad	139	SJ Securities Sdn Bhd
111	OSK-UOB Islamic Fund Management Berhad	140	SP Investment Management Sdn Bhd
112	OSK-UOB Investment Management Berhad	141	Standard Financial Planner Sdn Bhd
113	OSK-UOB Unit Trust Management Berhad	142	Sunny Futures Sdn Bhd
114	Pacific Mutual Fund Berhad	143	TA Futures Sdn Bhd
115	PCB Asset Management Sdn Bhd	144	TA Investment Management Berhad
116	Pelaburan Johor Berhad	145	TA Securities Holdings Berhad
117	Pengurusan Kumipa Berhad	146	UOB-OSK Asset Management Sdn Bhd
118	Perkasa Normandy Managers Sdn Bhd	147	UBS Securities Malaysia Sdn Bhd
119	Permodalan BSN Berhad	148	VCB Capital Sdn Bhd
120	Permodalan Nasional Berhad	149	Whitman Independent Advisors Sdn Bhd
121	Pheim Asset Management Sdn Bhd		
122	Pheim Unit Trusts Berhad		
123	Phillip Capital Management Sdn Bhd		
124	Phillip Futures Sdn Bhd		
125	Philip Mutual Berhad		
126	PineBridge Investments Malaysia Sdn Bhd		
127	PM Securities Sdn Bhd		
128	PTB Unit Trust Berhad		
129	Public Investment Bank Berhad		
130	Public Mutual Berhad		
131	Reliance Asset Management (Malaysia) Sdn Bhd		
132	RHB Investment Bank Berhad		
133	RHB Investment Management Sdn Bhd		
134	RHB Islamic Asset Management Sdn Bhd		
135	Saham Sabah Berhad		
136	Saturna Sdn Bhd		
137	SDB Asset Management Sdn Bhd		

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

**SECURITIES INDUSTRY DISPUTE
RESOLUTION CENTER
(909583-H)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial
Statements
31 December 2011**

909583-H

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

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**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

Directors' report

The directors hereby present their report together with the audited financial statements of Securities Industry Dispute Resolution Center ("the Center") for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Center are to act as an alternative dispute resolution body for investors in relation to claims involving capital market services and products that an investor may have against capital market intermediaries and to resolve such claims in a fair, reasonable, timely, efficient and accessible manner. In this regard, the Center promotes, encourages and facilitates the satisfactory resolution, mediation or withdrawal of such complaints, disputes and claims. There have been no significant changes in the nature of the principal activities during the financial year.

Results

RM

Net profit for the year

-

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Center during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Center since the end of the previous financial period. The directors do not recommend any dividend to be paid in respect of the current financial year.

Directors

The names of the directors of the Center in office since the date of the last report and at the date of this report are:

Dato' Ranita binti Mohd Hussein
Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman
Dato' Saiful Bahri bin Zainuddin
Dato' Kok Wee Kiat
Dato' Ambiga a/p Sreenevasan
Dato' Halipah binti Esa
Tang Chee Kin

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Center was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Center or any other body corporate.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Center or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Center or its related corporations during the financial year.

Other statutory information

- (a) Before the statement of comprehensive income and statement of financial position of the Center were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Center; and
 - (ii) the values attributed to current assets in the financial statements of the Center misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Center misleading or inappropriate.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

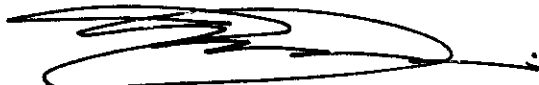
Other statutory information (cont'd.)

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Center which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Center which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Center which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Center to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Center for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 March 2012.



Dato' Ranita binti Mohd Hussein



Dato' Kok Wee Kiat

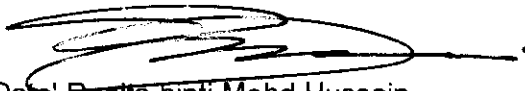
Kuala Lumpur, Malaysia

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

**Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965**

We, Dato' Ranita binti Mohd Hussein and Dato' Kok Wee Kiat, being two of the directors of Securities Industry Dispute Resolution Center, do hereby state that, in our opinion, the accompanying financial statements set out on pages 7 to 23 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Center as at 31 December 2011 and of the financial performance and the cash flows of the Center for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 March 2012.



Dato' Ranita binti Mohd Hussein



Dato' Kok Wee Kiat

Kuala Lumpur, Malaysia

**Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965**

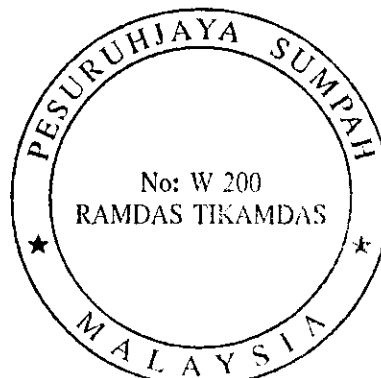
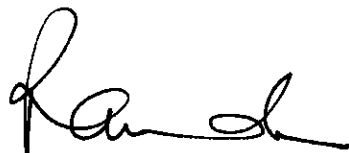
I, Khairul Ridzwan bin Abdul Kuddus, being the officer primarily responsible for the financial management of Securities Industry Dispute Resolution Center, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 23 are in my opinion correct, and I make this 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 abovenamed Khairul Ridzwan bin Abdul Kuddus
at Kuala Lumpur in the Federal Territory
on 19 March 2012



Khairul Ridzwan bin Abdul Kuddus

Before me,



909583-H

**Independent auditors' report to the members of
Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Securities Industry Dispute Resolution Center which comprise the balance sheet as at 31 December 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 23.

Directors' responsibility for the financial statements

The directors of the Center are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 Center's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. An audit also includes evaluating the appropriateness of the 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.

909583-H

**Independent auditors' report to the members of
Securities Industry Dispute Resolution Center (cont'd.)
(Incorporated in Malaysia)**

Opinion

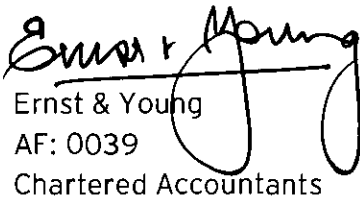
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Center as at 31 December 2011 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

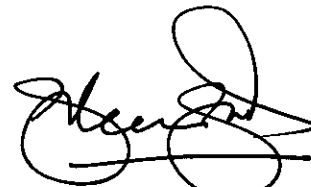
In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Center have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Center, 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.



Ernst & Young
AF: 0039
Chartered Accountants



Mohd Sukarno bin Tun Sardon
No. 1697/03/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
19 March 2012

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

**Statement of comprehensive income
For the financial year ended 31 December 2011**

	Note	1.1.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
INCOME			
Other income	3	<u>848,896</u>	<u>184,467</u>
EXPENDITURE			
Staff costs	4	145,359	-
Auditors' remuneration		8,000	8,000
Tax agent fees		-	2,500
Office rental		247,104	34,275
Professional fees		42,985	77,931
Depreciation	7	182,424	12,717
Amortisation of intangible assets	8	3,067	256
Directors' meeting allowances		76,000	39,000
Other expenses	5	<u>143,957</u>	<u>9,788</u>
		<u>848,896</u>	<u>184,467</u>
Profit before taxation		-	-
Taxation	6	<u>-</u>	<u>-</u>
Net profit for the year, representing total comprehensive income for the year		<u>-</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

**Statement of financial position
As at 31 December 2011**

	Note	2011 RM	2010 RM
Non-current assets			
Property and equipment	7	573,338	483,652
Intangible assets	8	<u>5,877</u>	<u>8,944</u>
		<u>579,215</u>	<u>492,596</u>
Current assets			
Other receivables	9	104,782	92,658
Cash at bank		<u>1,922,011</u>	<u>999,985</u>
		<u>2,026,793</u>	<u>1,092,643</u>
Current liability			
Other payables	10	<u>12,994</u>	<u>769,706</u>
Net current assets			
		<u>2,013,799</u>	<u>322,937</u>
		<u>2,593,014</u>	<u>815,533</u>
Represented by:			
Contribution from members	11	<u>-</u>	<u>-</u>
Non-current liability			
Government grant	12	<u>2,593,014</u>	<u>815,533</u>
		<u>2,593,014</u>	<u>815,533</u>

The accompanying notes form an integral part of the financial statements.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

Statement of cash flow

For the financial year ended 31 December 2011

	1.1.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
Cash flows from operating activities		
Profit before taxation	-	-
Adjustments for:		
Depreciation	182,424	12,717
Amortisation of intangible assets	3,067	256
Amortisation of government grant	(848,896)	(184,467)
Operating loss before working capital changes	<u>(663,405)</u>	<u>(171,494)</u>
Increase in other receivables	(12,124)	(92,658)
(Decrease)/increase in other payables	(756,712)	769,706
Net cash (used in)/generated from operating activities	<u>(1,432,241)</u>	<u>505,554</u>
Cash flows from investing activities		
Purchase of property and equipment	(272,110)	(496,369)
Purchase of intangible assets	-	(9,200)
Net cash used in investing activities	<u>(272,110)</u>	<u>(505,569)</u>
Cash flows from financing activities		
Proceeds from government grant, representing net cash generated from financing activity	<u>2,626,377</u>	<u>1,000,000</u>
Net increase in cash and cash equivalents	922,026	999,985
Cash and cash equivalents at beginning of year	999,985	-
Cash and cash equivalents at end of year	<u>1,922,011</u>	<u>999,985</u>

The accompanying notes form an integral part of the financial statements.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

Notes to the financial statements - 31 December 2011

1. Corporate information

The principal activities of the Center are to act as an alternative dispute resolution body for investors in relation to claims involving capital market services and products that an investor may have against capital market intermediaries and to resolve such claims in a fair, reasonable, timely, efficient and accessible manner. In this regard, the Center promotes, encourages and facilitates the satisfactory resolution, mediation or withdrawal of such complaints, disputes and claims. There have been no significant changes in the nature of the principal activities during the financial year.

The Center was incorporated on 28 July 2010 and is a company limited by guarantee, incorporated and domiciled in Malaysia. The registered office of the Company is located at 20th Floor, Ambank Group Building, No 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 March 2012.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia.

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Center's functional currency.

2.2 Significant accounting estimates and judgments

The preparation of financial statement in accordance with FRSs requires the use of certain accounting estimates and exercise of judgment. Estimates and judgments are continuously evaluated and are based on past experience, reasonable expectations of future events and other factors.

The directors are of the opinion, that there are no key assumptions concerning the future nor other key sources of estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies

(a) Property and equipment, and depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Center and the cost of the item can be reliably measured.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, in accordance with Note 2.3(e).

Depreciation of the property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer equipments	3 years
Renovation	5 years
Furniture and fittings	10 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(b) Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Intangible assets (cont'd.)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(c) Government grant

Grant is recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Center for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grant that compensate the Center for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

(d) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Income tax (cont'd.)

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affect neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity.

(e) Impairment of non-financial assets

The Center assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Center makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(e) Impairment of non-financial assets (cont'd.)

Impairment losses are recognised in profit or loss in the period in which it arises. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(f) Financial assets

Financial assets are recognised in the balance sheet when, and only when, the Center becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. The Center determines the classification of its financial assets at initial recognition.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(i) Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(f) Financial assets (cont'd.)

(i) Receivables (cont'd.)

Receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(g) Equity instruments

Contribution from members are classified as equity.

(h) Impairment of financial assets

(i) Receivables

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Center consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

2. Significant accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139 Financial Instruments: Recognition and Measurement, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Center's financial liabilities include other payables.

Financial liabilities are recognised initially at fair value less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

(j) Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include cash at bank which has an insignificant risk of changes in value.

2.4 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Center will be required to prepare financial statement using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

3. Other income

	1.1.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
Amortisation of government grant	848,896	184,467

4. Staff costs

	1.1.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
Wages and salaries	125,168	-
Statutory contribution to Employees Provident Fund and social security	19,110	-
Other allowances	1,081	-
	<u>145,359</u>	<u>-</u>

5. Other expenses

	1.1.2011 to 31.12.2011 RM	28.7.2010 to 31.12.2010 RM
Travelling expenses	32,542	-
Communication & utilities	49,700	7,774
Stationeries, printings and sundry expenses	39,120	-
Staff training, parking and amenities	11,269	-
Online journals and equipments rental	6,083	-
Others	5,243	2,014
	<u>143,957</u>	<u>9,788</u>

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

6. Taxation

There is no tax charge for the current financial period as the Center has no chargeable income. The Center has applied for tax exemption status from the Inland Revenue Board of Malaysia in accordance to Section 127 of the Income Tax Act, 1967.

On 16 January 2012, the Center has been granted a tax exemption status from Ministry of Finance ("MOF") applicable from the year assessment 2012 up to year assessment 2016.

7. Property and equipment

	Computer Equipment RM	Renovation RM	Furniture and Fittings RM	Total RM
At 31 December 2011				
Cost				
At 1 January 2011	130,447	365,922	-	496,369
Additions	170,305	12,153	89,652	272,110
At 31 December 2011	<u>300,752</u>	<u>378,075</u>	<u>89,652</u>	<u>768,479</u>
Accumulated depreciation				
At 1 January 2011	6,619	6,098	-	12,717
Depreciation charge for the year	99,517	74,473	8,434	182,424
At 31 December 2011	<u>106,136</u>	<u>80,571</u>	<u>8,434</u>	<u>195,141</u>
Net carrying amount				
At 31 December 2011	<u>194,616</u>	<u>297,504</u>	<u>81,218</u>	<u>573,338</u>

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

7. Property and equipment (cont'd.)

	Computer Equipment RM	Renovation RM	Furniture and Fittings RM	Total RM
At 31 December 2010				
Cost				
At date of incorporation	-	-	-	-
Additions	130,447	365,922	-	496,369
At 31 December 2010	<u>130,447</u>	<u>365,922</u>	-	<u>496,369</u>
Accumulated depreciation				
At date of incorporation	-	-	-	-
Depreciation charge for the period	6,619	6,098	-	12,717
At 31 December 2010	<u>6,619</u>	<u>6,098</u>	-	<u>12,717</u>
Net carrying amount				
At 31 December 2010	<u>123,828</u>	<u>359,824</u>	-	<u>483,652</u>

8. Intangible assets

	Website development RM
At 31 December 2011	
Cost	
At 1 January 2011	9,200
Additions	-
At 31 December 2011	<u>9,200</u>

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

8. Intangible assets (cont'd.)

	Website development RM
At 31 December 2011 (cont'd.)	
Amortisation	
At 1 January 2011	256
Amortisation charge for the year	3,067
At 31 December 2011	<u>3,323</u>
Net carrying amount	
At 31 December 2011	<u>5,877</u>
At 31 December 2010	
Cost	
At date of incorporation	-
Additions	9,200
At 31 December 2010	<u>9,200</u>
Amortisation	
At date of incorporation	-
Amortisation charge for the period	256
At 31 December 2010	<u>256</u>
Net carrying amount	
At 31 December 2010	<u>8,944</u>

9. Other receivables

	Note	2011 RM	2010 RM
Amount due from Securities Commission	(i)	12,306	-
Deposits		92,276	92,276
Prepayments		200	382
		<u>104,782</u>	<u>92,658</u>

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

9. Other receivables (cont'd.)

- (i) Amount due from Securities Commission ("SC") relates to retention fee of renovation cost payable to Center by SC. The amount is unsecured, interest free and repayable on demand.

Other receivables are interest free and are normally settled on an average term of 30 days.

10. Other payables

	Note	2011 RM	2010 RM
Amount due to Securities Commission	(i)	-	740,448
Provisions		8,000	10,500
Other payables		2,500	-
Accruals		2,494	18,758
		<u>12,994</u>	<u>769,706</u>

- (i) Amount due to Securities Commission ("SC") in prior year relates to payment of expenses paid on behalf of the Center during the period. The amount was unsecured, interest free and repayable on demand.

Other payables are interest free and are normally settled on an average term of 30 days.

11. Contribution from members

Every member of the Center undertakes to contribute, not exceeding RM1,000, to the assets of the Center in the event of the Center being wound up.

12. Government grant

	2011 RM	2010 RM
At 1 January	815,533	-
Received during the year	2,626,377	1,000,000
Amortised to profit or loss	(848,896)	(184,467)
At 31 December	<u>2,593,014</u>	<u>815,533</u>

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

12. Government grant (cont'd.)

During the year, the Center received a government grant amounting to RM2,626,377 from the Securities Commission Malaysia ("SC"), a statutory body established under Securities Commission Act 1993, for working capital purposes.

13. Financial risk management objectives and policies

The Center's financial risk management policy seeks to ensure that adequate financial resources are available for the achievement of the Center's objectives and principle activities whilst managing its liquidity and credit risks. The definition of the risks are as follows:

(a) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due. The Center actively manages these risks by maintaining good governance over the cash management of the government grant and contribution from third parties, and operates within clearly defined guidelines that are approved by the Board of Directors.

The table below summarises the maturity profile of the Center's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within one year	
	2011	2010
	RM	RM
Other payables	12,994	769,706

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Center's exposure to credit risk arises from other receivables.

At the reporting date, the Center's maximum exposure to credit risk is represented by the carrying amount of the other receivables.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)**

14. Fair values

The fair values of all financial assets and liabilities approximate the carrying amounts due to their relative short term maturities.

15. Capital management

The Center manages its capital by following its policies and guidelines and also seeks approval from the Board of Directors with regard to all capital management matters. Presently, the Center's activities are entirely funded via government grant.

FORM OF PROXY

(Before completing the form, please refer to notes overleaf)

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

(Company No. 909583-H)
(Incorporated in Malaysia)

We Company No.:
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

being a member of SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (“**SIDREC**” or “**Company**”), hereby appoint

..... NRIC No.
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

or failing him/her, NRIC No.
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

as our proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held at Conference Hall 2, Securities Commission, No. 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur on Wednesday, 25th April 2012 at 2.30 p.m., and at every adjournment thereof.

In case of a vote taken by a show of hands, our proxy is not entitled to vote on our behalf.

Our proxy/proxies is/are to vote as indicated below:

RESOLUTION	FOR	AGAINST
ORDINARY RESOLUTION 1 RE-ELECTION OF DATO’ - HALIPAH BINTI ESA AS DIRECTOR		

ORDINARY RESOLUTION 2	RE-ELECTION OF TANG - CHEE KIN AS DIRECTOR		
ORDINARY RESOLUTION 3	RE-APPOINTMENT OF - DATO' KOK WEE KIAT AS DIRECTOR		
ORDINARY RESOLUTION 4	RE-APPOINTMENT OF - ERNST & YOUNG AS AUDITORS		

(Please indicate with a “✓” in the space provided above how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this day of 2012

.....
Signature/Common Seal

Notes:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. Any proxy appointed by a Member shall be the Corporate Representative of another Member. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Messrs Shook Lin and Bok, 20th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof. (The last day and time for lodgment of the proxy form is Monday, 23 April 2012 at 2.30pm.)

Securities Industry Dispute Resolution Center (SIDREC)

Unit A-9-1, Level 9, Tower A
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur

Tel: (60)-3-2282 2280
Fax: (60)-3-2282-3855
Email: info@sidrec.com.my

Opening Hours:

Monday to Friday:
9.00 a.m to 5.00 p.m

(Lunch break:
1.00-2.00pm Monday to Thursday
12.30-2.30pm Friday)