



ANNUAL REPORT 2013

VISION

1

To be the preferred one stop independent dispute resolution avenue for disputes involving monetary claims relating to capital market products and services.

MISSION

To provide the investing public and our Members, with a quality, specialised capital market dispute resolution service, through a trusted independent and impartial platform that contributes to enhancing investor confidence in participating in the capital market.

TABLE OF CONTENTS

Part 1

1. Vision & Mission Statement

5 Chairman's Statement

9 CEO's Report

13 About SIDREC

15 Board of Directors & Management

23 SIDREC's Value Proposition and Statistics

33 List of Members

Part 2

41 Directors' Report and Audited Financial Statements

69 Notice of 4th Annual General Meeting

71 Proxy Form

PART ONE



CHAIRMAN'S STATEMENT

2013 marks SIDREC's third year of operations. Over these last 3 years, SIDREC has focused on incrementally raising awareness and understanding of its services among the general public, including investors and its own members (Members). The result thus far is clearly demonstrated in the increase in the number of enquiries and cases received i.e. from 114 in 2012 to 224 in 2013.

2013 also saw the retirement of SIDREC's first Chief Executive Officer, Khairul Ridzwan Abdul Kuddus and the passing over of SIDREC's management to Sujatha Sekhar Naik. I take this opportunity to record the Board's gratitude and appreciation of Khairul's contribution to the creation and establishment of SIDREC. In September 2013, Dato' Ambiga Sreenevasan tendered her resignation from the board of SIDREC, citing that she needed more time to focus on her legal practice. As a valued and founding member of the board, she has worked with great commitment and passion. She will be missed and we thank her for sharing with us her experience and wisdom these last 3 years.

A major change that was being worked out during the year was SIDREC's funding. The initial proposal was to effect complete funding by our Members from January, 2013. However, in light of the many concerns raised by our Members relating to the funding structure and issues of apportionment, the Securities Commission Malaysia (SC), in clear demonstration of its strong commitment to SIDREC and the purpose for which we were established, kindly agreed in April 2013, to extend its funding of our operations for a further two years up to December 2014, to allow us time to undertake a complete review and develop a funding structure that is both sustainable and equitable. This in-depth review on self-funding is ongoing and one which we are working out in close consultation with the SC prior to engaging with Members on options. You can be assured that our final recommendation to the SC will be one that is informed by Member's concerns and feedback.

Since our last AGM in April 2013, our management has increasingly engaged with our Members in an effort to discuss and allay any remaining concerns

on the functions and operations of SIDREC and to receive feedback on any fresh issues that may arise. With the benefit of our experience over the last 3 years, the feedback from Members and investors, input from our other valued stakeholders, as well as the clarity of hindsight, we intend now to move forward to put into place an action plan that will focus our growth in a way that is meaningful and beneficial to the industry, whilst concurrently building our capacity to meet the developments in the capital market. Let me share with you SIDREC's overall Vision and Mission.

Our Vision and Mission form the basis of our business strategy and the CEO is working closely with the Board to develop a 5 year business plan in 2014, to implement this strategy and bring us closer to achieving our Vision:

Our Vision

To be the preferred one stop independent dispute resolution avenue for disputes involving monetary claims relating to capital market products and services.

Our Mission

To provide the investing public and our Members, with a quality, specialised capital market dispute resolution service, through a trusted independent and impartial platform that contributes to enhancing investor confidence in participating in the capital market.

Our 5 year plan will as such, be focused on :

- Building awareness and understanding of SIDREC and its services and in this regard, increased use of its services by investors and Members.
- Building capacity and specialised capital market dispute resolution expertise in the market.
- Ensuring SIDREC remains relevant and in step with market developments and international best practices in dispute resolution through continuous enhancement of its processes and the quality of its services.
- Contributing to best practices on the part of both investors and Members through the dispute resolution process and continued engagement.

We have started our efforts to build our capacity, with the aim of bringing on board professionals of high caliber and credentials, in both the context of capital market experience as well as mediation and adjudication expertise. To this end, I am happy to say that our Panel of Mediators/Adjudicators, will be significantly augmented in 2014.

In addition, SIDREC has continued to grow our reach and better inform investors and Members, through roadshows/exhibitions, talks and workshops as well as developed our online and print collateral for delivery across platforms.

As can be seen from our financial statements, our expenditure for this year has increased partly as a result of our awareness drive and incremental build-up of our capacity. In this next phase of SIDREC's growth, our budgeted expenditure for 2014 will reflect a greater focus on utilising different platforms and modalities for promotional activities as well as in building our capacity to enable us to continue to provide quality and timely services to investors and Members. The SC's support and commitment in this regard has been extraordinary and very much appreciated.

On the domestic level, we must, in particular, thank Bursa Malaysia, Malaysian Investment Banking Association (MIBA), Association of Stockbroking Companies Malaysia (ASCM) and Federation of Investment Managers Malaysia (FIMM), for their support and indeed encouragement. We look forward to an increase and broadening of scope in our engagement and collaborative efforts with them and other industry associations in 2014. We are also fortunate to have a good working relationship with our counterpart the Financial Mediation Bureau (FMB), and indeed continue to work on issues of overlap and efficiencies through a working group involving FMB, SC and Bank Negara Malaysia.

SIDREC has furthermore, engaged with the Kuala Lumpur Regional Centre for Arbitration (KLRCA) and are working on collaborative initiatives with KLRCA to leverage off each other's strengths and reach, specifically in our efforts to build capacity and expertise, for the benefit of investors and the capital market.

Through the CEO's involvement in SC's working groups on investor education and investor empowerment, we are able to manage our awareness efforts in an informed manner.

At the international level, SIDREC's CEO continues to represent Malaysia as part of the SC's team, in a working group on cross-border dispute resolution and enforcement mechanisms under the ASEAN Capital Markets Forum. Our capacity building efforts will be aligned to take care of developments on this front.

Our CEO's engagements with our foreign counterparts and stakeholders from Industry have led to sharing of their experience and invaluable input, contributing to our capacity building efforts. A special thanks goes out to the Canadian Ombudsman of Banking Services and Investments in Toronto, Canada (OBSI) and the Financial Industry Regulatory Authority (FINRA) in New York, USA, and members of the International Forum for Investor Education (IFIE). I am also pleased to share that SIDREC is also now a member of the International Network of Financial Ombudsman Schemes – an international grouping of peers providing dispute resolution services for the financial and capital markets.

The continued growth of innovative products in the market, coupled with increased access to retail investors, increases the relevance and need for SIDREC's services in line with the increased risk and exposure that investors are subject to. I am sure you would be able to gauge SIDREC's role from this perspective - It not only serves the investors but provides a useful risk management and client retention avenue for Members by virtue of the independent and impartial redress mechanism they participate in. We look forward to working closely with Members in this regard.

Untapped potential of Dispute Resolution

An insight we have had over this last year, is that the full potential of dispute resolution is untapped. Investors and Members alike are not yet fully aware of how effective and powerful an independent and impartial expert platform can be in providing a fair and quick resolution to disputes. For it to work however, both parties need to come to the table with a relatively open mind i.e. with a genuine willingness to constructively

engage towards finding some resolution. We have found when this happens, mediation is at its most effective. Even if the dispute cannot be resolved at mediation and proceeds to adjudication, the parties have a better understanding of each other's perspective. While there will always be a party who is not satisfied with the outcome, this approach makes for a far less hostile and irrational reaction to issues. Both parties leave the table, at the very least, better informed of the other's perspective with some clarity on their own shortcomings, with the reassurance that the dispute resolution proceedings are confidential.

It is important as such, for not just investors, but Members too, to come to the table with an open mind and where there is basis, to empower your representative to agree to a fair settlement or compromise. What you may walk away with is some intelligence on possible gaps in your processes or concerns that you are happy to have discovered in time to set right and a strong level of goodwill from your client. This can be possible even if the outcome is not entirely in favour of the investor.

I invite Members to tap this potential and you may discover that it really does serve the interests of both Members and investors.

I would like to thank our Members, who individually or through their industry associations, have given welcomed support in the distribution of our collateral, engagement and dialogue with their constituents, as well as feedback on their concerns and the challenges they face.

On behalf of the Board, let me also record our sincere appreciation to the management and staff of SIDREC for their continued hard work in taking SIDREC forward.

DATO' RANITA MOHD HUSSEIN
CHAIRMAN



CHIEF EXECUTIVE OFFICER'S REPORT

Having come on board in late March 2013, just in time for the last Annual General Meeting, the year has certainly been one of action and reflection.

Action, from the perspective of efforts to continue to provide a quality mediation and adjudication service to both investors and our Members, to increase awareness and understanding of our services and to build on our capacity and expertise. Alongside this have also been our efforts to engage with Members, through the industry associations or one on one, in understanding the challenges faced but also to engage Members on the add value that SIDREC brings to the table, not just as a redress avenue for investors, but as a valuable addition to Members' risk management and client retention toolbox.

Reflection, from the perspective of taking the time to review our operations and ensuring that we keep the line of sight to our objectives in planning our work and in any initiative we undertake. In doing this, we have articulated our objectives into the Vision and Mission statements shared by our Chairman. In the bigger picture, we hope to be the preferred one stop dispute resolution centre for capital market disputes, and in working towards this, we are focussed on providing the investing public and our Members a quality specialist dispute resolution

service that is independent and impartial, engenders trust and contributes to enhancing investor confidence in participating in the capital market.

We are working to convert this into a structured 5 year plan that will be underlaid by the following imperative:

The provision of an affordable, efficient, accessible and impartial framework that:

- applies the principles of fairness and reasonableness
- facilitates resolution of disputes through constructive conversation in an informal environment
- provides investors closure and certainty of outcome in the resolution of their disputes
- builds capacity and specialised mediation and adjudication expertise for the capital market

I look forward to sharing more on this with Members in the course of our engagements this year.

Funding

As indicated by our Chairman, we are in the process of a comprehensive review of our funding structure and are working closely with the SC on this front, before engaging with our Members. What the SC's generous extension of funding has permitted, is for SIDREC to focus on our core work and undertake a meaningful review. I would reiterate our Chairman's assurance to Members that we will consult Members as soon as we are able, to ensure that any final recommendation is one that has been informed by your feedback.

Our work towards our Vision and Mission, started with our establishment. I must thank my predecessor, Khairul Ridzwan Abdul Kuddus for handing over a tightly run ship, with the engine running and all the controls in place, ready to move on to the next phase in its journey.

Brief Overview

Our year has not been without challenge, and in this regard, towards the end of this year, we have also seen our decisions in two related claims being challenged by way of an application for judicial review by one of our Members. We take the view that any outcome will be a positive one, that all can learn from.

Through 2013, the centre has seen a good increase in enquiries from the investing public as a result of stronger awareness brought about by on-ground activities, printed collateral and radio commercials that we ran in the past year. These efforts have specifically included working with industry, regulators and the media in reaching out to the public. With SIDREC now having purview over claims that would previously have gone to Bursa Malaysia's compensation funds, SIDREC has seen an increase in claims being referred to it by Bursa Malaysia. We have also continued to leverage off statements issued by Bursa Depository Sdn Bhd to all Central Depository Service (CDS) account-holders through the insertion of short messages regarding SIDREC in the periodic CDS statements. This avenue has been very effective in raising awareness of SIDREC's services.

As part of our efforts to increase awareness, we have continued to participate in investor roadshows and exhibitions. Two major events were, Minggu Saham Amanah Malaysia (MSAM) 2013 and the SC's first investor outreach education roadshow, 'Bersama

SC/ 'SC Reach' held in Kota Kinabalu, Sabah. Our participation in 'Bersama SC/ 'SC Reach', enabled SIDREC to extend our reach to East Malaysia and connect directly and obtain feedback from the community at a ground level. It was an excellent 3 day programme, drawing a lot of interest to the roadshow, with good media coverage.

We also continue to collaborate closely with SC, through our participation in the SC's working groups for investor empowerment and investor education.

SIDREC has this year, endeavoured to broaden our reach among the investing community through different platforms. This is supplemented by distribution of our collateral at roadshows and exhibitions and leveraging on the reach of our Members and other stakeholders. In late November 2013, we ran a 3 week radio campaign targeting the general investing public, with infomercials explaining the role and function of SIDREC on the Business FM station (BFM 89.9). From feedback we have had, it was well received and people found them informative. In addition, an interview on the 'Breakfast Grille' segment on BFM, drew positive interest from listeners in the Klang Valley.

SIDREC will increase its efforts to broaden awareness nationwide through print, broadcast and online media in 2014.

Impact of Increased Awareness on Claims

The heightened awareness of SIDREC has been reflected in the significant increase of enquires and claims that have come to the dispute resolution body, from a total of 21 in 2011, 114 in 2012 to 224 in 2013. Further, in 2013, SIDREC has mediated and adjudicated 6 cases, with 2 cases in the process of mediation. This is a 100% increase from 2012 and is indicative of increased awareness and understanding of investors of SIDREC's services. Additionally, we have found that many cases are amicably resolved prior to mediation through SIDREC's early intervention. SIDREC also effectively uses the dispute resolution process to enhance investor understanding of capital market processes and products and specifically of their own rights and responsibilities when investing. In addition to being a useful gauge on the level of awareness of SIDREC, such enquiries also alert SIDREC to areas of the capital market investment process in which disputes are likely to arise and enable SIDREC to share these concerns with our Members.

Industry Engagement

In this regard, we have engaged with our Members through industry associations and one on one discussions, to increase understanding of SIDREC's processes and its add value to Members' own risk management and investor relations. To this end, we presented to compliance professionals at a seminar on "Regulatory Challenges in the New Millennium", an annual seminar, organised jointly by Bursa Malaysia and MIBA. We are continuing on this track in 2014 and are collaborating with Bursa Malaysia through their own outreach programmes and workshops, to increase understanding and awareness of the add value brought to the table by SIDREC from the perspective of both the investors as well as our Members.

SIDREC is committed to continuing to increase the level of engagement with its Members in the coming year, finding areas of synergy that we can work together on, to meet our mutual objective of increasing investor confidence in participating in the capital market. We will meet and work with industry associations we have not yet engaged with and continue engagements with those we have connected with.

I hope our Members, will also join us in our efforts to ensure that both investors and all in your respective organisations, have a true appreciation and trust in the benefit of an effective dispute resolution process. In this way, parties will come to the table with a view towards resolution and willingness where appropriate, to compromise, thus making full use of the opportunity during mediation to resolve a dispute in a constructive and amicable manner. The additional benefit of some level of certainty provided by adjudication where we are unable to mediate a resolution helps both investors and Members, have closure on an issue with the assurance that the process is a fair, impartial and independent one.

Efforts to Enhance Capacity & Skills

In working towards SIDREC's Vision to become the preferred one stop dispute resolution centre for the capital market, and in light of inter alia, the ongoing work for a dispute resolution framework for the capital markets in ASEAN, it is logical to envisage that we will eventually need to extend the scope of our work further to meet the challenges ahead. Towards this objective, it is imperative that we continue to build the framework

and expertise with the longer term view, to develop and enhance dispute resolution services specifically for the capital market. SIDREC has started laying the groundwork in our commitment to continuously enhance our capability and specialised expertise in capital market dispute resolution. Some examples of initiatives undertaken in 2013 in this regard, include:

- Efforts to engage and collaborate with our peers in other jurisdictions. As part of our efforts to continuously build the capacity and skills of our dispute resolution services, SIDREC has with the SC's support undertaken a short study visit to both OBSI as well as to the FINRA who provide the largest dispute resolution forum in the securities industry in the US. Indeed, I must specifically thank both OBSI and FINRA who have been generous in sharing their valuable time and experience.
- Following this, SIDREC ran a Dispute Resolution workshop, facilitated by Douglas Melville, the Chief Ombudsman and CEO of the Canadian OBSI. The workshop was interactive and provided participants, who included SIDREC staff and mediators as well as invited participants, with very practical insights and training from a highly experienced and respected mediator.
- We are now a member of the International Network of Financial Services Ombudsman Schemes and will be participating at the 2014 conference.
- Regionally, SIDREC contributes to the SC's participation at the ASEAN Capital Markets Forum (ACMF) as a member of the ACMF's Working Group for Dispute Resolution and Enforcement Mechanisms.
- On the domestic stage, SIDREC continues to work closely and engage with the regulators and its peers such as the Financial Mediation Bureau and the KLRCA to enhance the quality of our services to investors and Members.
- We have had very fruitful engagement with KLRCA. Both KLRCA and SIDREC recognise the synergies between us. In this regard, we hope to enter into a memorandum of understanding with them in 2014, to collaborate on areas in which we can leverage off each other's strengths.

There is much work ahead and I look forward to being part of this important stage of SIDREC's growth and working with our Members to ensure that SIDREC in meeting our objectives, keep ourselves informed of the practical challenges and concerns of our Members and remain relevant to developments in the market.

Human Resource

This year, we have continued to keep our staff strength lean. With the increase of cases and promotional activity, to ensure that we are able to continue to maintain a high level of quality and efficiency in our services, we will be further increasing staff in 2014 to include a second full time mediator and case manager. In addition as alluded to by the Chairman, we are actively working to significantly augment the external mediators and adjudicators on our panel. I am really pleased with the progressive strengthening of our capacity and the expertise that will be added to our panel in 2014. We will however continue to keep SIDREC's operations lean and focused. I thank the SC for the strong support extended to SIDREC in this regard.

I wish to express my deep appreciation to the Chairman and Board of Directors for their guidance, advice and support. Their willingness to lend an ear and give their time whenever needed has been invaluable in my ability to undertake my role effectively.

Finally, I also wish to thank our mediators and staff, who are the mainstay of our operations, for their continued commitment and dedication to SIDREC, and their support in my own transition in taking on the helm from Khairul.

I look forward to continue working with our Members, the SC and our other stakeholders in moving SIDREC's agenda forward.

SUJATHA SEKHAR NAIK

Chief Executive Officer

ABOUT SIDREC

The Securities Industry Dispute Resolution Center or "SIDREC" is a body corporate approved by the Securities Commission Malaysia (SC), under the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulation) to act as a dispute resolution body in relation to any claims made by eligible claimants against any person licensed to carry out the activities of dealing in securities, dealing in derivatives and fund management under the Capital Markets and Services Act 2007 (CMSA), who are registered as SIDREC's Members.

SIDREC began operations in 2011 and is mandated by the Regulation to help mediate and adjudicate claims or disputes in any dealing or transaction involving capital market products or services between investors and SIDREC's Members, who include stockbroking companies, investment banks, futures broking

companies, fund management companies and unit trust management companies, among others.

SIDREC fills a significant need in the investment and financial landscape for an effective and independent redress mechanism for the small investor who otherwise may not have the financial means or adequate understanding to pursue their claims through the legal system. In essence, we provide an impartial and informal framework with specialised capital market expertise for both Members and investors to seek resolution of their disputes through our mediation and adjudication services. All SIDREC's services are free for investors, making it widely accessible to the investing community - both local and foreign clients of our Members. From a broader perspective, the centre not only helps promote industry best practices but also fosters goodwill between Members and their clients.

Eco- System In Which Sidrec Operates

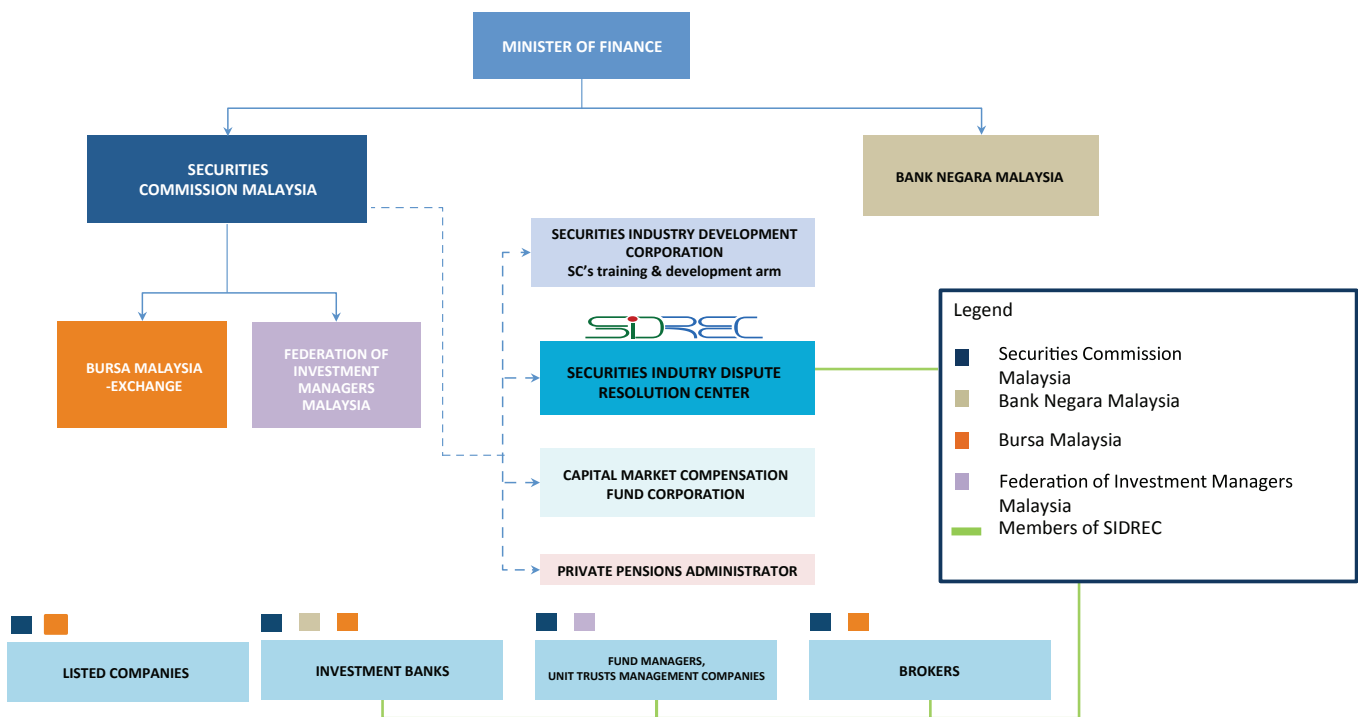
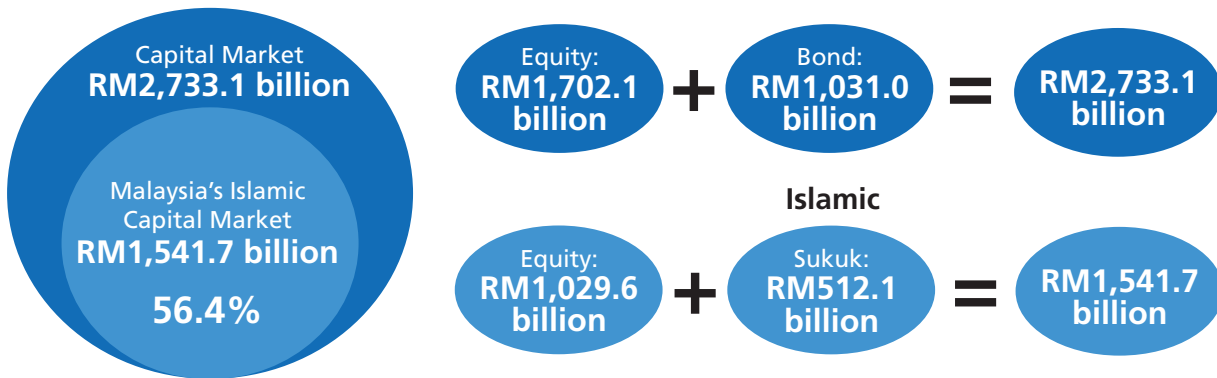


Chart 1: SIDREC in the Capital Market Institutional Framework

Chart 2: Total Capital Market

Source: Securities Commission Malaysia, Annual Report 2013

Table: Source of Clients' Funds Under Management

Type of funds	Local (RM million)		Foreign (RM million)	
	2013	2012	2013	2012
Unit trust funds*	334,057.3	294,932.4	1,094.4	1,000.6
Corporate bodies	59,776.1	52,950.3	10,105.2	8,486.7
Employee Provident Fund	74,988.1	57,571.8	–	–
Wholesale funds	60,415.2	49,223.1	474.0	345.4
Individual	6,526.6	4,892.8	488.4	483.0
Private pension funds	2,698.2	1,717.5	1,462.1	1,173.4
Charitable bodies	436.6	460.4	271.1	196.5
Other funds	34,007.7	29,421.3	1,608.7	2,204.8
TOTAL	572,905.8	491,169.6	15,503.9	13,890.4

*Includes Islamic unit trust funds.

Source: Securities Commission Malaysia, Annual Report 2013

SIDREC operates within the ecosystem of Malaysia's capital market which stood at RM2,733 Billion, as at 31st December 2013. This includes RM588.4 Billion in funds under management of which RM335 Billion comprise unit trust funds. Sources of funds under management included unit trust funds, private pension funds, Employees Provident Fund (EPF), corporate bodies and charitable bodies. Further, 11 Private Retirement Schemes were launched in 2013, with an NAV of RM299.82 Million¹.

Our 153 Members who make up the majority of the 237 entities licensed by the SC, service this market as Brokers, Fund Managers, Unit Trust Management Companies, Corporate Unit Trust Advisers and Issuing Houses, in activities involving dealing in securities, derivatives and fund management. Through their respective distribution chains which include not just

9,531 licensed representatives but persons/entities, who are directly registered for capital market activities with the SC, and a total of 48,871 persons/entities registered as Unit Trust Consultants or Institutional Unit Trust Advisors with the Federation of Investment Managers Malaysia (FIMM)², they collectively have a significant reach to the investing public. As the market develops, more complex products are introduced that are accessible by the investing public through multiple delivery channels. The investing public on their part are made up of tapestry of a diverse multi ethnic, multi lingual population of different levels of investment literacy and capability. In this environment, SIDREC becomes all the more relevant and important as an avenue for both investors and Members to resolve monetary disputes in a quick and efficient manner with the assurance of impartiality and independence.

¹Source : Securities Commission Malaysia, Annual report 2013

²Source : Federation of Investment Managers Malaysia



BOARD OF
DIRECTORS AND
MANAGEMENT

CHAIRMAN AND INDEPENDENT DIRECTOR

DATO' RANITA MOHD HUSSEIN



Dato' Ranita Mohd Hussein has been the Chairman of SIDREC since its inception in 2010. 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 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, a Judicial Commissioner in the High Court, Malaysia and as an Adviser (now re-designated 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. She 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 later during her tenure, Chief Parliamentary Draftsman.

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

INDEPENDENT DIRECTOR

DATO' KOK WEE KIAT



Dato' Kok Wee Kiat is a founding director of SIDREC. He currently also 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).

His active involvement in the area of corporate responsibility is clearly reflected in his previous positions. Dato' Kok 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 to 2009. He sat on the Advisory Board to the Greening of Industry Network (GIN) from 2002 to 2005. Dato' Kok has also been on the panel of judges for the ACCA Sustainability Reporting Awards, as well as StarBiz ICR Corporate Responsibility Reporting Awards. Dato' Kok has been a member of the Organising Committee of the Prime Minister's Hibiscus Awards in its inauguration in 1996, sitting as its Chairman from 1998 to 2012. He is now the Advisor to the Committee.

Dato' Kok is qualified as an advocate and solicitor, holding a LLB (Hons) (Sing). He was one of the founding partners of Messrs Mah Kok & Din, and was the sole proprietor of Messrs Kok & Associates from 1990 to 2000.

INDEPENDENT DIRECTOR

DATO' HALIPAH ESA



Dato' Halipah Esa is a founding director of SIDREC. She currently serves as Independent Non-Executive Director of several public-listed companies, including MISC Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, KLCC Property Holdings Berhad and NCB Holdings Berhad. She also serves on the Boards of Malaysia Deposit Insurance Corporation, Cagamas Bhd and Northport Bhd. She was Chairman of Pengurusan Aset Air Bhd and has 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.

Having started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit

(EPU) of the Prime Minister's Department, she held various senior positions, rising to the position of Director General of EPU, before she retired from government service in 2006. She has also served as Deputy Secretary General at the Ministry of Finance.

She has previously been a consultant to the World Bank and United Nations Development Programme (UNDP), advising the Royal Kingdom of Saudi Arabia on economic planning and providing 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.



INDEPENDENT DIRECTOR

DATO' AMBIGA SRENEVASAN

19

Dato' Ambiga Sreenevasan is a founding director of SIDREC and served on the board of SIDREC until her resignation in September 2013. She has been in legal practice for 31 years and 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. She is a member of the Malaysian Intellectual Property Association (MIPA), and the Asian Patent Attorneys Association (APAA). She is a member of the Panel of the Kuala Lumpur Regional Centre

for Arbitration ("KLRC") as Arbitrator for the 2013 - 2016 term.

She is an Exco member of the Human Rights Organisation of Malaysia (HAKAM). Prior to this, she was the Chairperson of the Bar Council Committee on Orang Asli Rights from 2010 to 2012 and a member of executive committee of the Women's Aid Organisation from 2009 to 2011. She was also the Chairperson of Bersih 2.0 from 2010 to January 2011 and Co-Chairperson from January 2011 to November 2013.

She is a recipient of the United States Secretary of State's International Women of Courage Awards for the year 2009. In 2011, she was awarded an Honorary Doctorate of Laws (Hon LL .D) from the University of Exeter for her work in advancing human rights. In the same year she was conferred the "Chevalier de la legion d'Honneur" (Knight of the Legion of Honour) by the government of France.

(Dato' Ambiga resigned from the board on September 26, 2013)



INDUSTRY DIRECTOR

TAN SRI DATO' SRI HAMAD
KAMA PIAH CHE OTHMAN

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

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

His career spans over 30 years in the field of investment and unit trust management. Prior to taking the helm at PNB in 1998, he undertook 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 and several other companies.

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.

INDUSTRY DIRECTOR

DATO' SAIFUL BAHRI ZAINUDDIN



Dato' Saiful Bahri Zainuddin is a founding director of SIDREC. He is currently the Managing Director of Affin Investment Bank Berhad – Stock broking Division.

Dato' Saiful is a Board Member of Bursa Malaysia Berhad and also sits as a committee member of Board Risk Committee Meeting, Board Nomination and Remuneration Committee Meeting and Board Market Participation Committee Meeting of Bursa Malaysia Berhad. Dato' Saiful 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 also sits as the Board of Trustee for Bumiputera Dealer Representatives Education Fund (BDREF) and Bumiputera Training Fund (BTF).

Dato' Saiful held Executive Directorships at Affin Holdings Berhad, Rashid Hussain Securities and Fima Securities Sdn Bhd. He was also with Heavy Industries Corporation of Malaysia (HICOM) attached to the Corporate Planning Division. In addition, he is also a former member of the Securities Market Consultative Panel of Bursa Malaysia Berhad.

Dato' Saiful holds a Bachelor of Science Degree in Economics & Finance from Western Michigan University, USA in 1985 and attended the Global Leadership Development Programme at Stanford University, USA.

INDUSTRY DIRECTOR

RAYMOND TANG CHEE KIN



Raymond Tang Chee Kin is a founding director of SIDREC. He is currently the Chief Investment Officer, ASEAN Region, of CIMB-Principal Asset Management Berhad. He has been with CIMB-Principal since 1 October 2004. He has over 25 years of experience in the asset management business, managing both institutional and unit trust funds. Prior to joining CIMB-Principal, he was the Chief Investment Officer/Executive Director of CMS Dresdner Asset Management from 1996 to 2004.

Currently, Raymond 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).

Raymond is also 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.



CHIEF EXECUTIVE OFFICER

SUJATHA SEKHAR NAIK

21

Sujatha Sekhar Naik was seconded to SIDREC by the Securities Commission Malaysia (SC) to take on her appointment as CEO in March 2013.

A former Deputy General Manager and the Head of Investor Affairs and Complaints of the SC, Sujatha was responsible for the development and implementation of SC's investor education strategy and the management of complaints relating to market misconduct. Her work in the SC included advisory and reform work in both the General Counsel's Office and the Corporate Finance and Investments Business Groups.

Sujatha has represented the Commission as a presenter and panellist at international and domestic forums on investor education and other capital

market issues as well as representing the Commission on a number of interagency committees in Malaysia. Sujatha is a member of the Advisory Board of the International Forum of Investor Education (IFIE). Reflecting her personal commitment to education, she is also on the boards of the AWLU Malaysia Foundation and the AMMA Foundation.

Prior to joining the SC in 2001, Sujatha gained experience both in practice and as an in-house legal counsel. She obtained her LLB (Hons), from the University of London and was called to the Bar of England and Wales in 1989 and re-qualified with the Law Society of England and Wales as a Solicitor in 1990. Sujatha was called to the Malaysian Bar in 1998.

MEDIATOR & ADJUDICATOR

HONG SIEW LAI

Hong Siew Lai joined SIDREC in 2011 as a full time mediator/adjudicator and has oversight over the case management of claims filed with SIDREC.

With 7 years of experience in the capital market, prior to joining SIDREC, Siew Lai was an Assistant Vice President, Corporate Affairs, Legal & Compliance and registered Compliance Officer at an investment bank Malaysian in Malaysia. From 1998 to 2004, Siew Lai practiced as an advocate and solicitor, where her scope of work included civil litigation, corporate/commercial and conveyancing matters.

Siew Lai's legal and capital market experience places her in good stead in mediating and adjudicating matters relating to capital market issues and to provide sound guidance to both clients and Members through the dispute resolution process.

Siew Lai is an accredited Mediator on the panel of the Bar Council Malaysian Mediation Centre (a member of Asian Mediation Association). Having graduated with a LL.B (Hons) from the University of East London, UK, Siew Lai was admitted as an advocate and solicitor of the High Court of Malaya in 1998.

MEDIATOR & ADJUDICATOR

DAPHNE R. N. SEBASTIAN

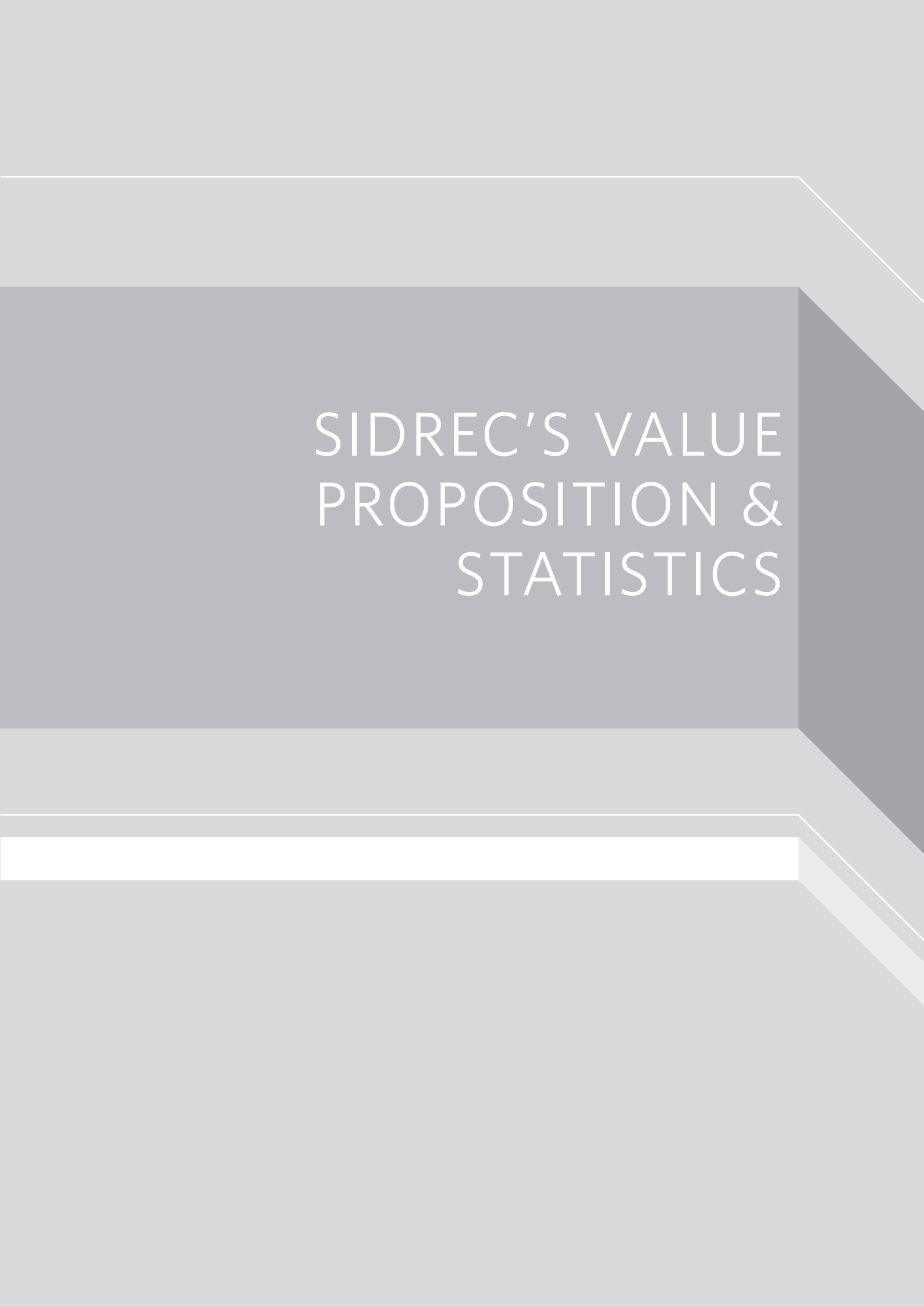
Daphne R.N. Sebastian has been a member of SIDREC's Panel of Mediators & Adjudicators since 2012. Daphne served in the Judicial and Legal Service of Malaysia from the years, 1976 to 1994. During these 18 years of service, her posts included Magistrate, Senior Assistant Registrar, Senior Federal Counsel in the Civil Division and Advisory Division of the Attorney General's Chambers and Deputy Director of the Legal Aid Bureau. Her final posting was as Sessions Court Judge in Raub and Kuantan.

From 1997 to 2009, Daphne was a lecturer at the University of Malaya, during which she also wrote for several publications and training modules.

From 2002 to 2005, she served as one of the Presidents of the Tribunal for Consumer Claims Malaysia, a dispute resolution centre for consumer products and services.

Daphne's extensive legal experience, particularly her years as adjudicator on the bench and as a President for the Consumer Claims Tribunal, ensures that SIDREC's decisions are fair, well considered and legally sound.

Daphne holds a LL.B (Hons) and LL.M from the University of Malaya. She was admitted as an advocate and solicitor of the High Court of Malaya in 1986.



SIDREC'S VALUE PROPOSITION & STATISTICS

Helping start the conversation towards resolution



LEVERAGING ON THE DISPUTE RESOLUTION PROCESS

Dispute Resolution Process

The dispute resolution process is designed to:

- Help investors and Members resolve disputes through constructive conversation in an informal environment
- Provide investors closure and certainty of outcome in the resolution of their disputes

SIDREC in the first instance, encourages Members to try and resolve complaints through their respective internal complaints process as far as possible. Investors are free to bring their monetary disputes relating to any dealing or transaction involving capital market products or services to SIDREC, where they are unable to resolve the dispute with the relevant SIDREC Member. By signposting complainants to SIDREC, Members further demonstrate to their clients that they take complaints seriously and have their clients' best interest at heart.

SIDREC's Value Proposition

The value add brought to both Members and investors through SIDREC's dispute resolution service is very clear:

- Confidentiality of proceedings provide an ability to address the issues constructively without distraction.

- Serves as an "independent and impartial voice of reason" - with no attachment to outcome
- Serves as an independent filter of complaints - often resolving issues before it even reaches the Member
- Promotes good communication and conduct on the part of all parties
- Independent and impartial mediator/adjudicator with industry knowledge and access to specialist expertise as required
- Contributes to reputation management and client retention, preserving harmony and building relationships
- Serves as a good risk management tool for Members- ability to identify issues that otherwise may slip through the cracks
- Reduces legal costs of the Members and investors
- Investors become better informed acquiring an enhanced understanding and knowledge of the market and their own responsibilities
- Members are also better informed of investors practical concerns and challenges

SIDREC's Team - Our lean and committed team ensures the smooth running of the dispute resolution process and provides a friendly ear to parties using our services.



REPORT ON SIDREC'S DISPUTE RESOLUTION FOR 2013 - STATISTICS

1. Enquiries and claims received by SIDREC

In 2013, SIDREC received a total of 224 enquiries and claims, nearly double from what was recorded in 2012 and a tenfold increase from the number in the first year of our operations. This growth is evidence of the increased awareness among the investing public of the centre's existence and the services it offers. The diagram below depicts the growth from 2011.

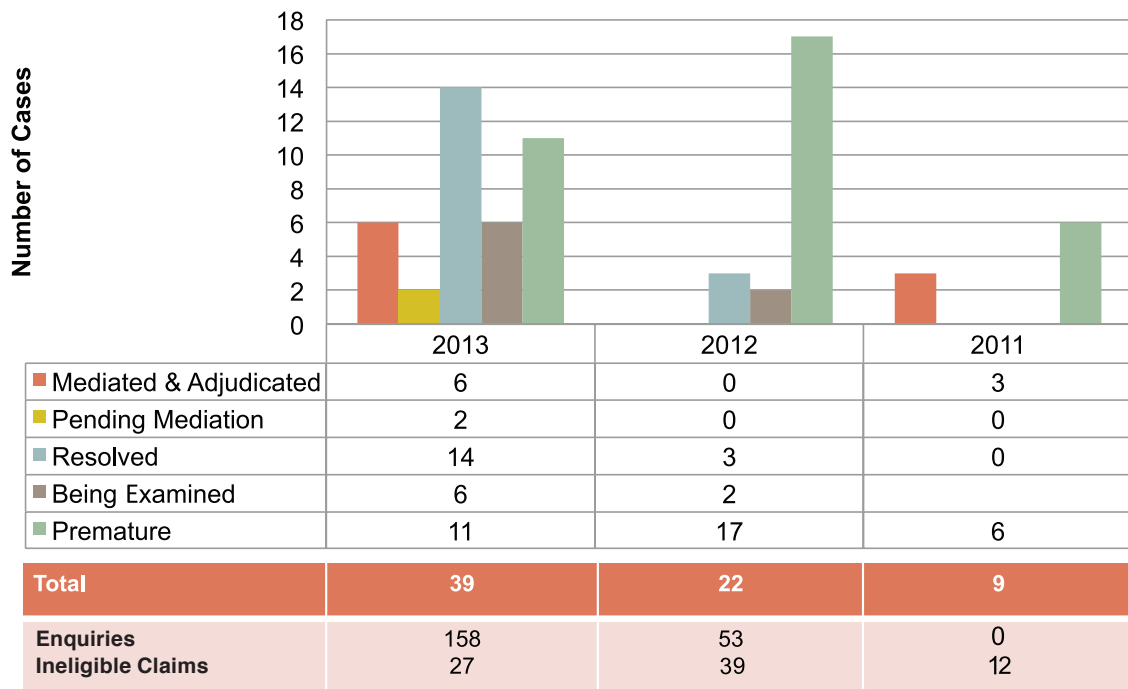
Analysis of Enquiries & Claims 2011 - 2013



2. Breakdown of cases received by SIDREC

In 2013, 6 cases were mediated and adjudicated by SIDREC. As at 31 December 2013, two cases were pending mediation. The total number of eligible claims and premature cases has increased by about 77% in 2013 (39 cases) compared with 2012 (22 cases).

Breakdown of Eligible Cases



Note:

* As at 25 February 2014, 1 case under the 'Being Examined' category has been amicably settled between the claimant and the Member.

In 2013, 14 cases were resolved at the stage of examination/assessment of eligibility. This is an almost fivefold increase compared with 2012 (3 cases). Of these 14 cases:

- One claim was dismissed as unsustainable against the Member.
- In 11 cases, the claimants withdrew their complaints after SIDREC's intervention:
 - Having explained to the client the proper procedures and rules applicable, the claimants made an informed decision and withdrew their complaint;
 - Having advised the claimant to seek further clarification from the Members and enabling the Member to manage the complaint within the Member's internal complaint process, ultimately led to the disputes being amicably settled between the parties.

Of the remaining 2 cases, in one, the claimant withdrew the claim, with a view to re-filing it later; whilst in the other case, the claimant withdrew the claim when he decided to claim an amount exceeding SIDREC's claim threshold.

We received 11 premature claims. These are claims that did fall under SIDREC's purview but were ineligible due to the premature nature of the submission to SIDREC - they either failed to first approach the Member to try to resolve their dispute or had not allowed for the Member's process to complete.

SIDREC's policy is that any dispute must, first be brought to the attention of the Member to provide the Member the opportunity to resolve the complaint directly with their client. Only when the investor has received the Member's final response and is not satisfied with the outcome or the process exceeds 90 days with no resolution, may he approach SIDREC. In all 11 cases, we referred the client back to the Members concerned to attempt resolution through their respective internal procedures. SIDREC will nevertheless follow up to enquire on the status. For those cases that did not result in an eligible claim eventually being filed with SIDREC, the claimants were either still at the stage of ascertaining their loss, in negotiations with the Member or waiting for the outcome/reply from the regulator with whom they had also filed a complaint.

The 27 claims categorised as ineligible were in the main due to the claims:

- Exceeding our maximum claim amount
- Not involving a SIDREC Member;
- Not relating to a loss involving capital market products or services, provided by a Member; or
- Relating to loss from investing in a scam.

In the above cases, we would assist the enquirer as much as possible to direct them to the appropriate regulatory or enforcement authority or other relevant entity to assist them.

Where claims involve an entity under the Financial Mediation Bureau ("FMB"), the claimant would be referred to FMB. Where

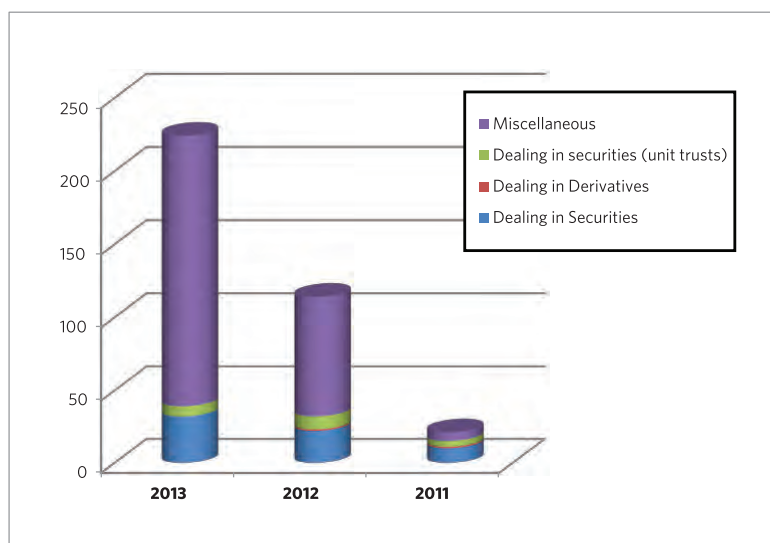
the claim involves a capital market product or service, whilst SIDREC do not have purview, as the service would have been provided by e.g. a commercial bank, SIDREC and FMB would engage to provide any necessary input and support required.

The largest increase, was in the number of enquiries which have tripled the number received in 2012. Although these cases either did not result in a file being opened or did not fall directly within the ambit of SIDREC's dispute resolution mechanism, most of them were related to matters involving investments in the capital market. Many were enquiries about our services. This is an indication of general awareness among the public of SIDREC's presence in the capital market as an avenue for possible redress. Our staff assisted these callers where they could, and directed them to the relevant authorities where appropriate.

3. Analysis of Enquiries & Claims

The breakdown of the cases according to the type of capital market product/service, with the comparative data for 2011 and 2012, is set out in the table below:

Analysis of Enquiries & Claims



Type of Claim	2013	2012	2011
Dealing in Securities	32	22	10
Dealing in Derivatives	0	1	1
Dealing in Securities (unit trusts)	7	9	4
Miscellaneous	185	82	6
TOTAL	224	114	21

4. Nature of Claims

Description	No. of cases in 2013	No. of cases in 2012
Member's Practice/Policies		
Redemption and reinvestment	1	0
Sell limit imposed on online trading portal/internet trading	0	1
Refusal to divulge deceased client's portfolio	1	0
Over charged brokerage for online trade	1	0
Over allocation of Trading Limit	0	1
Auto intraday contra of trades	1	0
Policy on Survivorship Clause	0	1
Redemption of funds upon Maturity	0	1
Sub-total	4	4
Market Conduct		
Unauthorised transactions	4	7
Execution errors	0	1
Fraud/forgery /Defalcation/Misappropriation	13	4
Inappropriate advice or recommendation/Misrepresentation	1	5
Sold shares below price instructed by client	1	0
Failure to provide cut-loss service as promised	1	0
Sub-total	20	17
Service Standards		
Delay/Weaknesses/Failure in processes involving online trading portal/internet trading	4	5
Other Delay/Weaknesses/Failure in processes	11	6
Sub-total	15	11
GRAND TOTAL	39	32

Based on the claims/enquiries received, SIDREC finds that there is a slight increase from the previous year in the number of claims relating to market conduct and service standards of Members. The bulk of claims concern alleged failure of professional conduct on the part of Members' representatives or agents.

Among others, there was a significant increase (from only 4 cases in 2012 to 13 cases in 2013) in the claims involving aspects of forgery, fraud and/or defalcation /misappropriation of client monies.

An increase was seen in claims regarding service standards. In addition, there was a 36% increase in the number of claims received relating to delay/weakness/failure in processes as compared to 2012.

THE YEAR IN BRIEF:

JAN
2013

SC's Investor Empowerment Lab

SIDREC participated in the Securities Commission (SC)'s Investor Empowerment Lab.

MARCH
2013

ACMF WG-DREM

SIDREC attended the fourth meeting of the ASEAN Capital Markets Forum (ACMF) Working Group on Dispute Resolution and Enforcement Mechanisms, as part of SC's team representing Malaysia.

Changing of guard

SIDREC's first CEO Khairul Ridzwan Abd Kuddus passing the baton to the current CEO Sujatha Sekhar Naik.



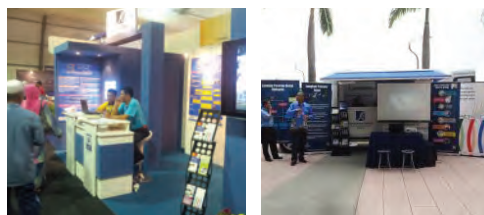
APRIL
2013

SIDREC's 3rd Annual General Meeting

SIDREC's 3rd AGM was held at the SC on 8th April 2013.

Minggu Saham Amanah Malaysia (MSAM) 2013

SIDREC participated under SC's banner in this week long investor reach and education roadshow in Perlis.



IFIE/IOSCO GLOBAL Investor Education Conference

SIDREC's CEO participates and presents at the 2013 IFIE-IOSCO Global Investor Education Conference jointly organised by the International Forum for Investor Education (IFIE) and the International Organization of Securities Commissions (IOSCO), in Toronto, Canada.

JUNE
2013

FINRA & OBSI

SIDREC undertakes study visit to Financial Industry Regulatory Authority (FINRA) in New York, USA and the Ombudsman for Banking Services and Investments in Toronto, Canada (OBSI).

SIDREC Capital Market Mediation/ Adjudication Workshop

SIDREC conducts a workshop facilitated by Douglas Melville - Chief Ombudsman & CEO of the Canadian OBSI.



SEPT
2013

MIBA/Bursa Malaysia Seminar on "Regulatory Challenges in the New Millennium"

SIDREC presented to compliance professionals at a Seminar on "Regulatory Challenges in the New Millennium - the annual seminar is organised jointly by Bursa Malaysia and Malaysian Investment Banking Association (MIBA).



INFO 2013

SIDREC participated in INFO 2013 (Conference of the International Network of Financial Services Ombudsman Schemes) in Taiwan.



WG-DREM

SIDREC attends 5th ACMF Working Group Meeting - Dispute Resolution & Enforcement Mechanism (WG-DREM) as part of SC's team.

NOV
2013

Radio Infomercials

3 week radio commercial campaign on BFM(FM89.9) to raise awareness and understanding of SIDREC's services.

DEC
2013

Interview on 'Breakfast Grille'

SIDREC's CEO is interviewed on BFM during the morning talk show to educate listeners on the availability of SIDREC's services.

SC Reach / Bersama SC Roadshow

SIDREC participated in the SC's first investor outreach education roadshow - 'Bersama SC/ 'SC Reach' held in Kota Kinabalu, Sabah.



LIST OF MEMBERS

LIST OF MEMBERS (AS AT 28TH FEBRUARY 2014)

Name of Company	Type of Capital Markets Services Licence			
	Fund Management	Dealing in securities (unit trust)	Dealing in securities	Dealing in derivatives
1. A.D. Financial Sdn Bhd		√		
2. Aberdeen Asset Management Sdn Bhd	√			
3. Aberdeen Islamic Asset Management Sdn Bhd	√	√		
4. Affin Fund Management Berhad	√	√		
5. Affin Investment Bank Berhad			√	
6. * AIA Pension And Asset Management Sdn Bhd	√			
7. AIMS Asset Management Sdn Bhd	√			
8. Alliance Investment Bank Berhad			√	
9. Amanah Mutual Berhad		√		
10. Amanah Saham Kedah Berhad	√	√		
11. Amanah Saham Nasional Berhad		√		
12. Amanah Saham Sarawak Berhad		√		
13. Amanahraya Investment Management Sdn Bhd	√	√		
14. * Amanahraya-REIT Managers Sdn Bhd	√			
15. Amara Investment Management Sdn Bhd	√			
16. AmlInvestment Bank Berhad	√		√	
17. AmlInvestment Management Sdn Bhd	√			
18. AmlInvestment Services Berhad		√		
19. AmlIslamic Funds Management Sdn Bhd	√			
20. AmFutures Sdn Bhd				√
21. Amundi Islamic Malaysia Sdn Bhd	√			
22. Amundi Malaysia Sdn Bhd	√			
23. Apex Investment Services Berhad	√	√		
24. Areca Capital Sdn Bhd	√	√		
25. Asian Islamic Investment Management Sdn Bhd	√			
26. Assar Asset Management Sdn Bhd	√			
27. * Atrium REIT Managers Sdn Bhd	√			
28. * Axis REIT Managers Berhad	√			
29. BIMB Investment Management Berhad	√	√		
30. BIMB Securities Sdn Bhd			√	
31. BNP Paribas Investment Partners Malaysia Sdn Bhd	√			
32. BNP Paribas Investment Partners Najmah Malaysia Sdn Bhd	√			
33. * Boustead REIT Managers Sdn Bhd	√			
34. Capital Dynamics Asset Management Sdn Bhd	√			
35. * CapitaMalls Malaysia REIT Management Sdn Bhd	√			
36. CIMB Futures Sdn Bhd				√
37. CIMB Investment Bank Berhad			√	
38. CIMB-Principal Asset Management Berhad	√	√		
39. CIMB-Principal Islamic Asset Management Sdn Bhd	√			
40. Citigroup Global Markets Malaysia Sdn Bhd			√	
41. CLSA Securities Malaysia Sdn Bhd			√	

Note:

*In the process of formalising its membership

Name of Company	Type of Capital Markets Services Licence			
	Fund Management	Dealing in securities (unit trust)	Dealing in securities	Dealing in derivatives
42. Corston-Smith Asset Management Sdn Bhd	√			
43. Credit Suisse Securities (Malaysia) Sdn Bhd			√	√
44. * Damansara REIT Managers Sdn Bhd	√			
45. Eastspring Al-Wara' Investments Berhad	√			
46. Eastspring Investments Berhad	√	√		
47. Equiniti Services Sdn Bhd			√	
48. * ESB Artha Global Wealth Management Sdn Bhd	√			
49. FA Securities Sdn Bhd			√	
50. Fedrums Sdn Bhd				√
51. FIN Freedom Sdn Bhd		√		
52. Fortress Capital Asset Management (M) Sdn Bhd	√			
53. Franklin Templeton Asset Management (Malaysia) Sdn Bhd	√			
54. Franklin Templeton GSC Asset Management Sdn Bhd	√	√		
55. Golden Touch Asset Management Sdn Bhd	√			
56. Goldman Sachs (Malaysia) Sdn Bhd	√			
57. Guidance Investments Sdn Bhd	√			
58. Harveston Wealth Management Sdn Bhd [formerly known as GV Wealth Planners Sdn Bhd]		√		
59. * Hektar Asset Management Sdn Bhd	√			
60. HDM Futures Sdn Bhd				√
61. Hong Leong Asset Management Bhd	√	√		
62. Hong Leong Fund Management Sdn Bhd	√			
63. Hong Leong Investment Bank Berhad			√	√
64. HwangDBS Investment Bank Berhad			√	
65. Hwang Investment Management Berhad	√	√		
66. IF Derivatives Sdn Bhd				√
67. iFAST Capital Sdn Bhd		√		
68. * IGB REIT Management Sdn Bhd	√			
69. Inter-Pacific Asset Management Sdn Bhd	√	√		
70. Inter-Pacific Securities Sdn Bhd			√	√
71. i-Vcap Management Sdn Bhd	√			
72. JF Apex Securities Berhad			√	√
73. JPMorgan Securities (Malaysia) Sdn Bhd			√	√
74. Jupiter Securities Sdn Bhd			√	
75. KAF Fund Management Sdn Bhd	√	√		
76. KAF Investment Funds Berhad [formerly known as Alliance Investment Management Berhad]	√	√		
77. KAF-Seagroatt & Campbell Securities Sdn Bhd			√	
78. Kenanga Deutsche Futures Sdn Bhd				√
79. Kenanga Investment Bank Berhad			√	
80. Kenanga Investors Berhad	√	√		
81. Kenanga Islamic Investors Berhad	√			
82. KFH Asset Management Sdn Bhd	√			
83. * KLCC REIT Management Sdn Bhd	√			
84. Kumpulan Sentiasa Cemerlang Sdn Bhd	√	√		
85. Legacy Advisory Sdn Bhd		√		
86. Libra Invest Berhad	√	√		

Note:

*In the process of formalising its membership

Name of Company	Type of Capital Markets Services Licence			
	Fund Management	Dealing in securities (unit trust)	Dealing in securities	Dealing in derivatives
87. LT International Futures (M) Sdn Bhd				√
88. M & A Securities Sdn Bhd			√	
89. MAAKL Mutual Berhad	√	√		
90. Macquarie Capital Securities (Malaysia) Sdn Bhd			√	
91. Malacca Securities Sdn Bhd			√	
92. Malaysian Issuing House Sdn Bhd			√	
93. Manulife Asset Management Services Berhad	√	√		
94. Maybank Asset Management Sdn Bhd	√	√		
95. Maybank Investment Bank Berhad			√	√
96. * Maybank Islamic Asset Management Sdn Bhd	√			
97. Mercury Asset Management Sdn Bhd	√			
98. Mercury Securities Sdn Bhd			√	
99. Meridian Asset Management Sdn Bhd	√			
100. MIDF Amanah Asset Management Berhad	√	√		
101. MIDF Amanah Investment Bank Berhad			√	
102. Muamalat Invest Sdn Bhd	√			
103. Navis Management Sdn Bhd	√			
104. Nomura Asset Management Malaysia Sdn Bhd	√			
105. Nomura Islamic Asset Management Sdn Bhd	√			
106. Nomura Securities Malaysia Sdn Bhd			√	
107. Okachi (M) Sdn Bhd				√
108. Opus Asset Management Sdn Bhd	√			
109. Oriental Pacific Futures Sdn Bhd				√
110. OSK-UOB Investment Management Bhd	√	√		
111. Pacific Mutual Fund Bhd	√	√		
112. * Pavilion REIT Management Sdn Bhd	√			
113. PCB Asset Management Sdn Bhd	√			
114. * Pelaburan Hartanah Nasional Berhad	√			
115. Pelaburan Johor Berhad	√	√		
116. Pengurusan Kumipa Berhad	√	√		
117. Permodalan BSN Berhad	√	√		
118. Permodalan Nasional Berhad	√			
119. Pheim Asset Management Sdn Bhd	√			
120. Pheim Unit Trusts Berhad		√		
121. Phillip Capital Management Sdn Bhd	√			
122. Phillip Futures Sdn Bhd				√
123. Phillip Mutual Berhad		√		
124. PineBridge Investments Malaysia Sdn Bhd	√			
125. * Pintar Projek Sdn Bhd	√			
126. PM Securities Sdn Bhd			√	
127. PMB Investment Berhad [formerly known ASM Investment Services Berhad]	√	√		
128. PTB Unit Trust Berhad	√	√		
129. Public Investment Bank Berhad			√	
130. Public Mutual Berhad	√	√		
131. * Quill Capita Management Sdn Bhd	√			
132. RHB Investment Bank Berhad			√	√
133. RHB Asset Management Sdn Bhd [formerly known as RHB Investment Management Sdn Bhd]	√	√		

Note:

*In the process of formalising its membership

Name of Company		Type of Capital Markets Services Licence			
		Fund Management	Dealing in securities (unit trust)	Dealing in securities	Dealing in derivatives
134.	RHB Islamic International Asset Management Berhad [formerly known as OSK-UOB Islamic Fund Management Berhad]	√	√		
135.	RHB Islamic Asset Management Sdn Bhd	√			
136.	Saham Sabah Berhad		√		
137.	Saturna Sdn Bhd	√			
138.	SDB Asset Management Sdn Bhd	√			
139.	Singular Asset Management Sdn Bhd	√			
140.	SJ Securities Sdn Bhd			√	
141.	SP Investment Management Sdn Bhd	√			
142.	Standard Financial Adviser Sdn Bhd [formerly known as Standard Financial Planner Sdn Bhd]		√		
143.	* Sunway REIT Management Sdn Bhd	√			
144.	TA Futures Sdn Bhd				√
145.	TA Investment Management Berhad	√	√		
146.	TA Securities Holdings Berhad			√	
147.	* Threadneedle Asset Management Malaysia Sdn Bhd	√			
148.	* UOA Asset Management Sdn Bhd	√			
149.	UBS Securities Malaysia Sdn Bhd			√	
150.	UOB Asset Management (Malaysia) Berhad [formerly known as UOB-OSK Asset Management Sdn Bhd]	√	√		
151.	UOB Kay Hian Securities (M) Sdn Bhd			√	√
152.	VCB Capital Sdn Bhd	√			
153.	Whitman Independent Advisors Sdn Bhd		√		

Note:

*In the process of formalising its membership



Board of Directors and CEO

From left: Raymond Tang Chee Kin , Dato' Saiful Bahri Zainuddin, Tan Sri Dato' Sri Hamad Kama Piah Che Othman ,
Sujatha Sekhar Naik, Dato' Ranita Mohd Hussein , Dato' Kok Wee Kiat, Dato' Ambiga Sreenevasan, Dato' Halipah Esa

PART TWO

DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS



Contents

Page

DIRECTORS' REPORT	1 - 4
STATEMENT BY DIRECTORS	5
STATUTORY DECLARATION	5
INDEPENDENT AUDITORS' REPORT	6-7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11-26



909583-H

**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 2013.

Principal activity

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 other than as disclosed in the financial statements.

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.

44

909583-H

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

Directors

The Directors of the Company 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' Halipah binti Esa

Tang Chee Kin

Dato' Ambiga a/p Sreenevasan

(Resigned on 26 September 2013)

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.

909583-H

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

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.
- (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) 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.

909583-H

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

Other statutory information (cont'd.)

(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 14 February 2014.



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 8 to 26 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and the cash flows of the Company for the year then ended on that date in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 February 2014.



Dato' Ranita binti Mohd Hussein
Director



Dato' Kok Wee Kiat
Director

Kuala Lumpur, Malaysia.

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

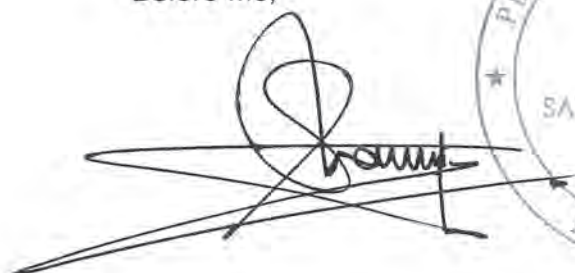
I, Sujatha Sekhar A/P Tan Sri B.C. Sekhar, being the officer primarily responsible for the financial management of Securities Industry Dispute Resolution Center, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 26 are in my opinion correct, and I make 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 Sujatha Sekhar A/P Tan Sri B.C. Sekhar at Kuala Lumpur in the Federal Territory on 14 February 2014



Sujatha Sekhar A/P Tan Sri B.C. Sekhar

Before me,



No. 10-2, Jalan Bangsar Utama,
Bangsar Utama,
59000, Kuala Lumpur.

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 statement of financial position as at 31 December 2013 of the Center, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Center for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 26.

Directors' responsibility for the financial statements

The directors of the Center are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 entity'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 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.



Building a better
working world

909583-H

49

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Center as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 (the "Act") in Malaysia, we must 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. 1697/03/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
14 February 2014

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

**Statement of comprehensive income
For the financial year ended 31 December 2013**

	Note	2013 RM	2012 RM
Income			
Other income	4	1,247,231	1,013,150
Expenditure			
Staff costs	5	(336,276)	(231,598)
Auditors' remuneration		(10,000)	(8,000)
Tax agent fees		(7,000)	(11,000)
Office rental		(249,910)	(247,104)
Professional fees		(37,682)	(39,538)
Depreciation	8	(179,057)	(184,831)
Amortisation of intangible assets	9	(2,810)	(3,067)
Director's meeting allowances		(100,000)	(102,000)
Other expenses	6	(324,496)	(186,012)
		(1,247,231)	(1,013,150)
Profit before taxation			
Taxation	7	-	-
Net profit for the year, representing total comprehensive income for the year			
		-	-

The accompanying accounting policies and explanatory 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 2013

	Note	2013 RM	2012 RM
Non-current assets			
Property and equipment	8	213,946	388,507
Intangible assets	9	-	2,810
		<u>213,946</u>	<u>391,317</u>
Current assets			
Other receivables	10	85,906	78,937
Cash at bank	11	610,517	1,183,334
		<u>696,423</u>	<u>1,262,271</u>
Current liabilities			
Other payables	12	<u>22,517</u>	<u>35,881</u>
Net current assets			
		<u>673,906</u>	<u>1,226,390</u>
		<u>887,852</u>	<u>1,617,707</u>
Represented by:			
Contribution from members	13	<u>-</u>	<u>-</u>
Non-current liability			
Deferred income	14	<u>887,852</u>	<u>1,617,707</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

**Statement of cash flows
For the financial year ended 31 December 2013**

	2013 RM	2012 RM
Cash flows from operating activities		
Profit before taxation	-	-
Adjustments for:		
Depreciation	179,057	184,831
Amortization of intangible assets	2,810	3,067
Amortisation of grant received	(1,229,855)	(975,307)
Operating loss before working capital changes	(1,047,988)	(787,409)
(Increase)/Decrease in other receivables	(6,969)	25,845
(Decrease)/Increase in other payables	(13,364)	22,887
Net cash used in from operating activities	<u>(1,068,321)</u>	<u>(738,677)</u>
Cash flows from investing activities		
Purchase of property and equipment	(4,496)	-
Net cash used in investing activities	<u>(4,496)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from government grant, representing net cash generated from financing activity	<u>500,000</u>	<u>-</u>
Net increase in cash and cash equivalents	(572,817)	(738,677)
Cash and cash equivalents at beginning of the year	1,183,334	1,922,011
Cash and cash equivalents at end of year	<u>610,517</u>	<u>1,183,334</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)****Notes to the financial statements - 31 December 2013****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 14 February 2014.

2. Summary of significant accounting policies**2.1 Basis of preparation**

The financial statements of the Center have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted new MFRS which are mandatory for financial periods beginning on or after 1 January 2012 for non-transitioning entities as described fully in Note 2.2.

The financial statements comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

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

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

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

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

2.2 Standards issued but not yet effective

The Center has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 132: <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
• Amendments to MFRS 10, MFRS 12 and MFRS 127: <i>Investment Entities</i>	1 January 2014
• Amendments to MFRS 136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
• Amendments to MFRS 139: <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
• IC Interpretation 21 Levies	1 January 2014
• Amendments to MFRS 119: <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
• Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
• Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
• MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
• MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
• MFRS 9 Financial Instruments: <i>Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139</i>	To be announced

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.3 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 2.6.

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

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

2.3 Property and equipment, and depreciation (cont'd.)

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
Renovations	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.

2.4 Intangible assets

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.

2.5 Grants and deferred income

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.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.6 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.

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.

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

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

2.7 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

2.7 Income tax (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.8 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.

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.

2.9 Equity instruments

Contribution from members are classified as equity.

2.10 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.

**Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.10 Impairment of financial assets (cont'd.)****(i) Receivables (cont'd.)**

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.

2.11 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 MFRS 139, are recognised in the statement of financial position when, and only when, the Center become a party to the contractual provisions of the financial instrument. Financial liabilities of the Center are mainly classified as other financial liabilities and consists of other payables.

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, 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. When an existing financial liability is replaced by another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.12 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.

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

3. Significant accounting estimates and judgements

In the process of preparing these financial statements:

(i) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Center's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation and uncertainty

There are no key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Other income

	2013 RM	2012 RM
Amortisation of government grant	1,229,855	975,307
Fixed deposit interest income	17,376	37,843
	<u>1,247,231</u>	<u>1,013,150</u>

5. Staff costs

	2013 RM	2012 RM
Wages and salaries	287,108	198,519
Statutory contribution to Employees Provident Fund and social security	43,147	30,102
Other allowances	6,021	2,977
	<u>336,276</u>	<u>231,598</u>

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

6. Other expenses

	2013	2012
	RM	RM
Travelling expenses	29,553	397
Communication & utilities	108,571	104,463
Stationeries, printings and sundry expenses	19,995	7,475
Staff training, parking and amenities	15,173	17,307
Online journals and equipment rental	5,254	4,599
Promotional expenses	53,464	38,808
Seminar, workshop and course	10,632	-
Maintenance	67,441	1,656
Others	14,413	11,307
	<u>324,496</u>	<u>186,012</u>

7. Taxation

On 16 January 2012, the Center has been granted a tax exemption status from Ministry of Finance ("MOF") applicable from the year of assessment 2013 up to year of assessment 2016.

On 4 July 2012, the tax exemption status has been revised by the MOF applicable from the year of assessment 2010 up to year of assessment 2014.

Securities Industry Dispute Resolution Center
(Incorporated in Malaysia)

8. Property and equipment

	Computer equipment RM	Renovation RM	Furniture and fittings RM	Total RM
At 31 December 2013				
Cost				
At 1 January 2013	300,752	378,075	89,652	768,479
Additions	3,600	-	896	4,496
At 31 December 2013	<u>304,352</u>	<u>378,075</u>	<u>90,548</u>	<u>772,975</u>
Accumulated depreciation				
At 1 January 2013	206,387	156,186	17,399	379,972
Depreciation charge for the year	94,432	75,615	9,010	179,057
At 31 December 2013	<u>300,819</u>	<u>231,801</u>	<u>26,409</u>	<u>559,029</u>
Net carrying amount				
At 31 December 2013	<u>3,533</u>	<u>146,274</u>	<u>64,139</u>	<u>213,946</u>

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

8. Property and equipment (cont'd.)

	Computer equipment RM	Renovation RM	Furniture and fittings RM	Total RM
At 31 December 2012				
Cost				
At 1 January 2012	300,752	378,075	89,652	768,479
Additions	-	-	-	-
At 31 December 2012	<u>300,752</u>	<u>378,075</u>	<u>89,652</u>	<u>768,479</u>
Accumulated depreciation				
At 1 January 2012	106,136	80,571	8,434	195,141
Depreciation charge for the year	100,251	75,615	8,965	184,831
At 31 December 2012	<u>206,387</u>	<u>156,186</u>	<u>17,399</u>	<u>379,972</u>
Net carrying amount				
At 31 December 2012	<u>94,365</u>	<u>221,889</u>	<u>72,253</u>	<u>388,507</u>

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

9. Intangible assets

	Website development RM
At 31 December 2013	
Cost	
At 1 January 2013	9,200
Additions	<u>-</u>
At 31 December 2013	<u>9,200</u>
Amortisation	
At 1 January 2013	6,390
Amortisation charge for the year	<u>2,810</u>
At 31 December 2013	<u>9,200</u>
Net carrying amount	
At 31 December 2013	<u>-</u>
At 31 December 2012	
Cost	
At 1 January 2012	9,200
Additions	<u>-</u>
At 31 December 2012	<u>9,200</u>
Amortisation	
At 1 January 2012	3,323
Amortisation charge for the year	<u>3,067</u>
At 31 December 2012	<u>6,390</u>
Net carrying amount	
At 31 December 2012	<u>2,810</u>

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

10. Other receivables

	2013	2012
	RM	RM
Amount due from Securities Commission	6,549	-
Deposits	79,107	72,276
Prepayments	250	150
Interest receivable	-	6,511
	<u>85,906</u>	<u>78,937</u>

Amount due from Securities Commission ("SC") relates to cost sharing on SIDREC's Capital Market Mediation/ Adjudication workshop 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 (2012: 30 days).

11. Cash at bank

	2013	2012
	RM	RM
Cash and bank balance	610,517	183,334
Fixed deposit with a licensed bank	-	1,000,000
	<u>610,517</u>	<u>1,183,334</u>

12. Other payables

	2013	2012
	RM	RM
Provisions	10,000	8,000
Other payables	7,000	5,500
Accruals	5,517	22,381
	<u>22,517</u>	<u>35,881</u>

Other payables are interest free and are normally settled on an average term of 30 days (2012: 30 days).

13. 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.

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

14. Deferred income

	2013	2012
	RM	RM
At 1 January	1,617,707	2,593,014
Received during the year	500,000	-
Amortised to income statement	<u>(1,229,855)</u>	<u>(975,307)</u>
At 31 December	<u>887,852</u>	<u>1,617,707</u>

During the year, the Center received government grant from the Securities Commission Malaysia ("SC"), a statutory body established under Securities Commission Act 1993, for working capital purposes amounting to RM 500,000 (2012: RM nil).

15. 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 risk and credit risk. 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 1 year	
	2013	2012
	RM	RM
Other payables	<u>22,517</u>	<u>35,881</u>

(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.

909583-H

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

16. Fair values

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

17. Capital management

The Company manages its capital by following the Center's 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.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

(Company No. 909583-H)

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the FOURTH 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 Tuesday, 8th April 2014 at 2.30 p.m.

AGENDA

- | | | |
|------------------------------|--|------------------------------|
| (1) | To receive the Audited Accounts for the Financial Year ended 31 December 2013 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 Dato' Saiful Bahri Bin Zainuddin 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 appoint, subject to the approval of the Minister of Domestic Trade, Co-Operatives and Consumerism through the Companies Commission of Malaysia, Dato' Karam Chand Vohrah as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 | Ordinary Resolution 4 |
| (6) | To appoint Messrs BDO Chartered Accountants in place of the retiring auditors, Messrs. Ernst & Young, as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

SPECIAL BUSINESS

- (7) 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



 HO YUE CHAN
 Secretary
 (BC/H/90)

Kuala Lumpur

Dated: 10th March 2014

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.

FORM OF PROXY

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

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

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

WeCompany 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 Tuesday, 8th April 2014 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 DATO' - SAIFUL BAHRI BIN ZAINUDDIN AS DIRECTOR		
ORDINARY RESOLUTION 3	RE-APPOINTMENT OF - DATO' KOK WEE KIAT AS DIRECTOR		
ORDINARY RESOLUTION 4	APPOINTMENT OF DATO' - KARAM CHAND VOHRAH AS DIRECTOR		
ORDINARY RESOLUTION 5	APPOINTMENT OF BDO - CHARTERED ACCOUNTANTS 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 2014

.....
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 Sunday, 6 April 2014 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 **Website** www.sidrec.com.my