

2011 ANNUAL REPORT



FEDERATION OF INVESTMENT MANAGERS MALAYSIA

FIMM
Federation of Investment Managers Malaysia

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NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Federation of Investment Managers Malaysia (“FIMM”) will be held at Function Room 1 to Room 3 of Kuala Lumpur Golf & Country Club, 10 Jalan 1/700, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 21 June 2012, at 10.00am.

AGENDA

Ordinary Businesses

1. To receive and discuss the signed Minutes of the Seventeenth Annual General Meeting held on 29 June 2011.
2. To receive the Chairman’s Report.
3. To receive and consider the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2011.
4. To re-appoint En Abdul Kadir Bin Md Kassim retiring pursuant to Section 129 of the Companies Act 1965 as a Board Director of FIMM to hold office until the conclusion of the next annual general meeting.
5. To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of FIMM and authorise the Board to fix their remuneration.
6. To note the total attendance fee of RM326,000.00 paid to members of the Board, councils and committees for meeting attendances in the year 2011, the total annual allowance of RM6,000.00 paid to the President from January to February 2011 and the total annual allowance of RM30,000.00 paid to the Chairman from March to December 2011.

Special Businesses

To consider and if thought fit to pass the following Special Resolutions:

7. Proposed Amendments To The Memorandum Of Association
 - i. THAT subject to FIMM obtaining the relevant approvals and consents from the Securities Commission, the Minister charged with the responsibility for companies, and other relevant authorities, if any, the deletions, alterations, modifications, variations and/or additions to the Memorandum of Association of FIMM as set out under APPENDIX A be and are hereby approved.
 - ii. THAT the Board be authorised and empowered to carry out all the necessary formalities in effecting the aforesaid amendments and FURTHER THAT the Board be authorized and empowered to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the Securities Commission, the Minister charged with the responsibility for companies and/or companies and /or other relevant authorities.

8. Proposed Amendments To The Articles Of Association

- i. THAT subject to FIMM obtaining the relevant approvals and consents from the Securities Commission, the Minister charged with the responsibility for companies, and other relevant authorities, if any, the deletions, alterations, modifications, variations and/or additions to the Articles of Association of FIMM as set out under APPENDIX B be and are hereby approved.
- ii. THAT the Board be authorised and empowered to carry out all the necessary formalities in effecting the aforesaid amendments and FURTHER THAT the Board be authorized and empowered to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the Securities Commission, the Minister charged with the responsibility for companies and/or companies and /or other relevant authorities.

By Order of The Board,



Cheong Chooi Keat
Secretary
MAICSA No 7036394

Dated: 30 May 2012

Note:

A member of FIMM entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of FIMM. The Proxy Form must be deposited with the Secretary at the Registered Office of the Company at RDL Corporate Services Sdn Bhd, 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur (Tel. No. 03-2694 9999 Fax No. 03-2692 7942) not later than 10.00 am on Tuesday, 19 June 2012.

BOARD OF DIRECTORS ATTENDANCE RECORD

Board of Directors	10th	11th	12th	13th	17 AGM	14th	15th	
YEAR : 2011	25 JAN	18 FEB	31 MAR	18 MAY	29 JUN	18 AUG	23 NOV	
Tunku Dato’ Ya’acob Tunku Abdullah <i>President</i>	✓	✓	O	O	O	O	RESIGNED W. E. F 6 SEPT 2011	
Yeoh Kim Hong <i>Vice - President</i>	✓	✓	✓	O	✓	✓	O	
Tan Keah Huat <i>Apex Investment Services Bhd</i>	✓	✓	✓	✓	NOT RE-ELECTED DURING AGM - 29 JUN 2011			
Ho Seng Yee <i>OSK-UOB Unit Trust Mgmt Bhd</i>	✓	✓	O	O		✓	✓	
Dato’ Mohamad Ayob Bin Abu Hassan <i>Affin Fund Mgmt Bhd</i>	✓	✓	✓	✓		O	✓	
Danny Wong Teck Meng <i>Areca Capital Sdn Bhd</i>	O	✓	✓	✓		✓	✓	
Teng Chee Wai <i>Hwang-DBS Investment Mgmt Bhd</i>	O	O	O	✓		O	✓	
Dato’ Idris Kechot <i>Amanah Saham Nasional Bhd</i>	O	✓	✓	✓		✓	O	
Dato’ Steve Ong Chong Gain <i>(ING Funds Bhd)</i>	✓	✓	✓	✓		✓	✓	
Nor’ Azamin Salleh <i>Maybank Investment Management Sdn Bhd</i>	ELECTED DURING AGM - 29 JUN 2011					✓	✓	
John Campbell Tupling <i>CIMB-Principal Asset Mgmt Bhd</i>	ELECTED DURING AGM - 29 JUN 2011					✓	O	
Abdul Kadir Bin Md Kassim <i>Chairman (Appointed : 18 Feb 2011)</i>		✓	✓	✓		✓	✓	
Dato’ Syed Norulzaman Syed Kamarulzaman <i>Director</i>		✓	O	✓		✓	✓	
Datuk Siti Hadzar Mohd Ismail <i>Director</i>		✓	✓	✓		✓	✓	
Datuk Meriam Hj Ya’acob <i>Director</i>		✓	✓	✓		✓	✓	
Datuk Wira Jahaya Mat <i>Director</i>		✓	✓	✓		✓	✓	
George Yap Koi Ming <i>Director</i>		✓	✓	O		O	O	
Dr. Sieh Lee Mei Ling <i>Director</i>		✓	✓	✓		✓	✓	
Vasantha Punniamoorthy <i>Director</i>		✓	✓	✓		O	✓	
Prof. Dr. Saiful Azhar Rosly <i>Director</i>		✓	✓	✓		✓	✓	
Lee Siew Hoong	✓	✓	✓	✓	✓	RESIGNED W. E. F 18 Aug 2011		
Christopher Foo Kah Foong <i>Raja, Darryl & Loh</i>	✓	RESIGNED W. E. F 08 Feb 2011						
Manjit Singh <i>PricewaterhouseCoopers</i>	O	RESIGNED W. E. F 08 Feb 2011						
Cheah Chuan Lok <i>AmInvestment Bank Bhd</i>	✓	RESIGNED W. E. F 08 Feb 2011						
Datuk Noripah Kamso <i>CIMB-Principal Islamic Asset Mgmt Bhd</i>	✓	RESIGNED W. E. F 07 Feb 2011						

✓ Present o Absent

Federation of Investment Managers Malaysia (FIMM) has been declared as a recognised Self-Regulatory Organisation (SRO) for the unit trust industry by the Securities Commission Malaysia (SC) through a Gazetted Order dated 20 January 2011. Please refer to the Corporate Information, and Board of Directors and Management for details.

CORPORATE INFORMATION

BOARD OF DIRECTORS AS AT 16 MARCH 2011

En. Abdul Kadir Bin Md Kassim

- Chairman / Public Interest Director

Dato' Steve Ong Chong Gain

- Director

Dato' Syed Norulzaman Bin Syed Kamarulzaman

- Public Interest Director

Dato' Mohamad Ayob Bin Abu Hassan

- Director

Datuk Wira Jahaya Bin Mat

- Public Interest Director

Dato' Idris Bin Kechot

- Director

Datuk Siti Hadzar Binti Mohd Ismail

- Public Interest Director

Mr. Ho Seng Yee

- Director

Datuk Meriam Binti Hj Ya'acob

- Public Interest Director

Mr. Teng Chee Wai

- Director

Prof. Dr. Saiful Azhar Bin Rosly

- Public Interest Director

Mr. Danny Wong Teck Meng

- Director

Dr. Sieh Lee Mei Ling

- Public Interest Director

En. Nor' Azamin Bin Salleh

- Director

Ms. P. Vasanth a/p N Punniamoorthy

- Public Interest Director

Mr. John Campbell Tupling

- Director

Mr. George Yap Koi Ming

Public Interest Director

Ms. Yeoh Kim Hong

- Director

MANAGEMENT

Mr. Lee Siew Hoong *(Resigned on 17 November 2011)*

Chief Executive Officer (Appointed on Feb 2012)

En. Ahmad Zakie Bin Hj. Ahmad Shariff

PAST COUNCIL PRESIDENTS/CHAIRMAN

1993 (Pro Tem Council)

Mr. Soh Teck Toh, Steven

1994 – 1995

Y.Bhg. Dato' Malek Merican

1996 – 1997

Y.Bhg. Dato' Kamaruddin Mohammed

1998 – 2003

Y.Bhg. Dato' Seri Abdul Azim Mohd Zabidi

2004 – February 2011

Y.M. Tunku Dato' Ya'acob Tunku Tan Sri Abdullah

February 2011 – Present

En. Abdul Kadir Md Kassim

REGISTERED OFFICE

RDL Corporate Services Sdn Bhd
18th Floor, Wisma Sime Darby
Jalan Raja Laut, 50350 Kuala Lumpur
Tel: 603-2694 9999 / Fax: 603-2698 4759

Ms. Jennifer Cheung / Ms. Cheong Chooi Keat
Company Secretary

AUDITORS & TAX CONSULTANT

Morison Anuarul Azizan Chew
18, Jalan 1/64, Off Jalan Kolam Air / Jalan Ipoh
Tel: 603 4048 2888 / Fax: 603 4048 2999

INTERNAL AUDITORS

BDO Governance Advisory Sdn Bhd
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: 603-2616 2888 / Fax: 603 – 2616 2829

BANKERS

Malayan Banking Berhad

Ground Floor, Block C, Kompleks Pejabat Damansara
Jalan Semantan, Bukit Damansara, 50490 Kuala Lumpur
Tel: 603-2095 0663 / Fax: 603-2095 0142

Malayan Banking Berhad

AG 1-2 & AG 9-10, Block A, Plaza Pekeliling,
No. 2, Jalan Tun Razak, 50500 Kuala Lumpur
Tel: 603- 4041 6049 / Fax: 603-4041 5161

CHAIRMAN'S STATEMENT



January 2011 recorded an important milestone for the industry, when the Federation was recognised as a Self-Regulatory Organisation (SRO) for the unit trust industry by the SC through a Gazette Order. With the recognition, FIMM is empowered to self-regulate the unit trust industry for its own benefit as well as ensuring the protection of investors and the public interests are upheld.

Abdul Kadir Kassim
Chairman, May 2012

Abdul Kadir Kassim

Chairman of Federation of Investment Managers Malaysia

Advocating Growth with Governance

Given the rapidly changing global environment and the strong growth prospect, in our capital market, investors' protection mechanisms and governance standards will need to keep pace with growth. Investors are becoming more savvy and more price-conscious. Formulating a regime of robust sales practices preserves public confidence and the integrity of the industry.

Aligning this capability with the protection of public interests by incorporating values of ethical behaviour and integrity in its regulations, the result is an industry ingrained with a business

culture necessary to maintain public confidence. In such a business environment, the industry is equipped to manage the increasingly complex, dynamic and rapidly changing market to ensure the sustainable development of the industry.

Together with the stakeholders of the industry, the Federation will continue to strive in strengthening our relationship with the SC and other government agencies like the Employees Provident Fund (EPF) through regular engagement on crucial policy matters and industry issues. The Federation will continue to play an effective and dynamic role to provide input on a range of investment,

distribution, regulatory and compliance issues for the betterment of the industry.

How the Unit Trust Industry Performed

As at 31 December 2011, the Net Asset Value (NAV) of the unit trust industry was RM245.86 billion, as against RM226.8 billion the previous year. This substantial increase of 7.75%, or RM19.06 billion, is attributed to the net sales in unit trusts, coupled with an increase in asset prices when stock markets recovered.

In summary, the key statistics for the year were:

- Net growth in NAV of RM19.06 billion to RM245.86 from the previous year of RM226.8 billion.
- Increase in 1.2 million of unit trust account holders to 15.8 million at the end of 2011 compared to 2010.
- The unit trust industry's NAV represented 19.41% of Bursa Malaysia's market capitalisation against the previous year of 17.8%.
- The number of unit trust funds increased by 27 from 564 to 591. The growth is buoyed by a rebound in equity markets as renewed optimism over global economic recovery prospects during the year.
- The value of the Islamic funds registered stagnated at an NAV of RM26.6 billion.
- Out of the total 591 funds in the industry, conventional funds represented 428 funds (72%) while the Islamic funds accounted for 163 funds (28%).

Review of Federation Operations

For the year ended 31 December 2011, the Federation recorded a net surplus after tax of RM3.8 million compared to a surplus of RM3.2 million in the previous year. The favourable net surplus increase is due to the increase of candidates taking the Computerised Unit Trust Examination (CUTE).

Total income increased by almost RM977,000 to RM10.26 million or 10.5% from RM9.28 million. There was also a growth in gross examination revenue of RM779,000.

Candidates registering for the Computerised Unit Trust Examination (CUTE) had remained steady in 2011 with 19,410 candidates, as against 15,339 in the previous year. The total number of unit trust consultants (UTC) dropped to 60,394 as at 31 December 2011, compared to 70,361 in the previous year, and this number takes into account 86% of UTC renewing their registration with Member Companies and new entrants to the industry. The drop in UTC was mainly due to the failure of a number of them to comply with the continuous eligibility requirements set by the Federation.

Total expenditure has increased slightly from RM6.0 million to RM6.1 million for the Federation as compared to the previous year. During the year, we saw a reduction of RM197,888 on Promotional and Advertisement expenses, RM10,457 for depreciation, RM52,394 for Council and Committee events and RM24,359 for bankruptcy search fees, while an increase of RM36,000 for internal audit fees, director attendance fees of RM256,250 and RM305,432 in staff costs.

As at 31 December 2011, the Federation recorded a total reserve of RM16.1 million compared to RM12.2 million in the previous year.

The Industry Initiatives

Enhancing Retirement Savings

The Private Retirement Scheme (PRS) announced at the 2011 budget is a first step towards bridging the retirement savings gap among Malaysians today. The introduction of the PRS further diversifies and adds value to the domestic savings intermediation, whilst expanding the role of the investment management industry. The PRS would advocate quality and approved private pension providers, each offering a range of retirement options under the PRS. This incentive is important in shaping and changing individual's

behaviour and providing a catalyst for growth of this new industry that in turn, generates further economic activities, as long term savings are channelled through the capital market.

FIMM strongly supports the SC's initiatives to expand individual's choice in their retirement planning and optimises the efficiency and cost-effectiveness of tax and other incentives for retirement savings. The Federation is committed to assist the SC in its efforts to address the current pension challenges and enhance the role of complementary private retirement savings. As a concrete step forward, the Federation is in the midst of expanding the intermediary surveillance framework to include that of PRS. Relevant guidelines and systems for registration of PRS distributors and consultants will be put in place in order to complement the SC's efforts in ensuring a more efficient and effective regulatory regime without compromising investor protection.

Initiatives that could further enhance values and services offered to EPF members will be continuously pursued.

Investor Education and Industry Engagement Activities

Investor Education and engaging stakeholders are pivotal in enhancing investors' protection and in maintaining the integrity of the industry. During the year under review, The Federation has continued its efforts to inform the investing public on crucial policy matters and created awareness on unit trust investing through its media campaigns. The publication of brochures, educating the public on the benefits of investing, their rights and responsibilities, how to be a smart investor as well as lodging complaints was aimed towards creating an informed investing community. Industry engagement activities were conducted through a series of dialogues and consultations. Investor education activities were further complemented by the ongoing UTC educational programmes and seminars which were held on a nation-wide basis.

Complaints Bureau

FIMM is committed to ensure that it is simple and easy for the public to lodge complaints or make enquiries on matters

concerning unit trusts. For the year under review, the FIMM received 36 complaints, as compared to 22 the previous year. Given the bullish equity markets, the complaints are mostly related to alleged misappropriation of clients' monies, unsatisfactory client services, unauthorised investments and redemptions and illegal internet investment schemes.

To further enhance the level of investor confidence in the unit trust industry, one of the Federation's priority as an SRO is to strengthen the investor protection framework. In line with this, the Federation is revising the By-laws relating to the Procedure for Disciplinary Proceeding and the Code of Ethics and Standards of Professional Conduct. Developing a public complaint management system will be another pillar that could strengthen the Federation's capabilities in handling complaints and protect the interest of the investors.

The Year Ahead

The empowerment of FIMM as an SRO, was important as being a part of the industry, FIMM will be able to identify with the changing needs of the industry. This will complement the SC's efforts to ensure a more efficient and effective regulatory regime without compromising investor protection. Applying the theme of the Capital Market Masterplan 2 which is "Growth with Governance", means we need to ensure that growth is accomplished through ethical business conduct, thus the industry is fair to the players and investors. For sustainable growth, a balance of risk and rewards must be achieved.

Moving into 2011 and beyond, FIMM's immediate task as a self-regulatory organisation is to comply and work towards five strategic thrusts that will serve as an SRO blueprint. The broad strategic plans are ensuring continuous compliance with securities laws and guidelines; enhancing corporate governance; promoting investor protection; strengthening marketing and distribution practices; and lastly, ensuring sufficient financial, human and other resources to carry out its SRO functions.

- In promoting self-regulation in the Malaysian unit trust industry, FIMM will have a robust framework in place to observe standards

of fairness and confidentiality when exercising its powers and delegated responsibilities. This includes the establishment of internal rule-making procedures and rules that are consistent with the public policy set by the SC.

- To maintain and ensure confidence of the investing public can only be achieved through efficient and effective enforcement of rules and regulation applied to our members and registered persons. The improvisation of rules and regulations with the development of a comprehensive surveillance and enforcement framework will guarantee the performance of the industry is optimal at all times.

- Formulating a regime of robust sales practices is necessary to preserve public confidence and the integrity of the industry. As a measure to regulate the behavior of Members, PRS Providers and Distributors a high level of transparency, disclosure and compliance will be maintained. Enforcement of standards, guidelines and regulations will be undertaken to ensure that member companies and distributors adopt and demonstrate good distribution practices and display ethical conduct in their dealings with the public and investors. To this end, FIMM has established a surveillance framework to monitor compliance with FIMM standards and guidelines by UTMC and distributors.

- As an SRO, one of the main thrust of FIMM would be to continuously raise the knowledge and competency of UTC especially in marketing practices and compliance of the industry's Code of Ethics. Towards this end, a framework will be developed to assess and analyse the training requirements of the UTC, design and upgrade the training modules and examination systems as well as enhance professionalism that will raise the stature of the UTC to better serve the investors.

While the SRO blueprint draws the initiatives to facilitate the development of the industry, Member Companies and distributors are committed to ensuring the market is sustainable by constantly reinventing itself, to maintain the flexibility and competitive edge

it will need to achieve new levels of excellence that will drive the industry to greater financial resilience and growth.

The SRO blueprint is vital as part of the process that promotes and enforces a culture of integrity and compliance that reflects FIMM's vision and mission.

In Appreciation

I would like to record my appreciation to the Board of Directors, and the many Council and Committee Members, who have shared their time and expertise, for the betterment of the industry. We are able to achieve so much is to a large extent due to the commitment and strong support from the industry, SC and authorities. I would also like to give a special acknowledgement to Tunku Dato' Ya'acob Tunku Tan Sri Abdullah for his commitment and contribution towards the Federation. On behalf of the Board of Directors, I am pleased to welcome En. Ahmad Zakie Bin Hj. Ahmad Shariff as the new Chief Executive Officer of the Federation and lastly, I would like to acknowledge the Secretariat staff for their hard work to commensurate with the duties that the Federation has undertaken as an SRO.

As this is the 2nd year being the Chairman for the Federation, I look forward to significant developments and milestones that demonstrate the triumph of the Federation.

BOARD OF DIRECTORS AND MANAGEMENT



En. Abdul Kadir Bin Md Kassim
• Chairman/Public Interest Director



Dato' Steve Ong Chong Gain
• Director



Datuk Wira Jahaya Bin Mat
• Public Interest Director



Dato' Idris Bin Kechot
• Director



Dato' Syed Norulzaman Bin Syed Kamarulzaman
• Public Interest Director



Dato' Mohamad Ayob Bin Abu Hassan
• Director



Datuk Siti Hadzar Binti Mohd Ismail
• Public Interest Director



Mr. Ho Seng Yee
• Director



Datuk Meriam Binti Hj Ya'acob
• Public Interest Director



Mr. Teng Chee Wai
• Director



Dr. Sieh Lee Mei Ling
• Public Interest Director



En. Nor' Azamin Bin Salleh
• Director



Prof. Dr. Saiful Azhar Bin Rosly
• Public Interest Director



Mr. Danny Wong Teck Meng
• Director



Ms. P. Vasantha a/p N Punniamoorthy
• Public Interest Director



Mr. John Campbell Tupling
• Director



Mr George Yap Koi Ming
• Public Interest Director



Ms. Yeoh Kim Hong
• Director



En. Ahmad Zakie Bin Hj. Ahmad Shariff
• Chief Executive Officer

Ahmad Zakie comes with a wealth of experience in the capital market industry, holding licenses of both, Fund Manager and Dealer's Representative. Prior joining the management of the stock broking firm, he held various key positions as the Head of Organisational Learning Division for Maybank Group and Director of Corporate Affairs for UEM Group Berhad.

Ahmad Zakie began his career as an accounting lecturer in the Faculty of Business Management, UKM in 1980 and after a decade, he joined Rashid Hussain Securities as an equities analyst. He has since worked for a number of stock broking houses in Malaysia and abroad, in equity sales and marketing. In 1996, Ahmad Zakie was appointed Chief Executive Officer, Permodalan Terengganu Berhad Asset Management and left the firm in 2000, to become the Executive Director of SJ Securities Sdn Bhd.

Ahmad Zakie has also been appointed to various voluntary positions in his field of expertise. He was the Investment Advisor to both Amanah Saham Kedah Berhad and Amanah Saham Terengganu Berhad. Presently he sits on the Investment Committee for the Malaysian Examination Council.

Ahmad Zakie holds a Bachelor of Economics Degree (Honours) from Universiti Kebangsaan Malaysia and Master of Accounting Science Degree from the University of Illinois, Urbana-Champaign, Illinois, USA.

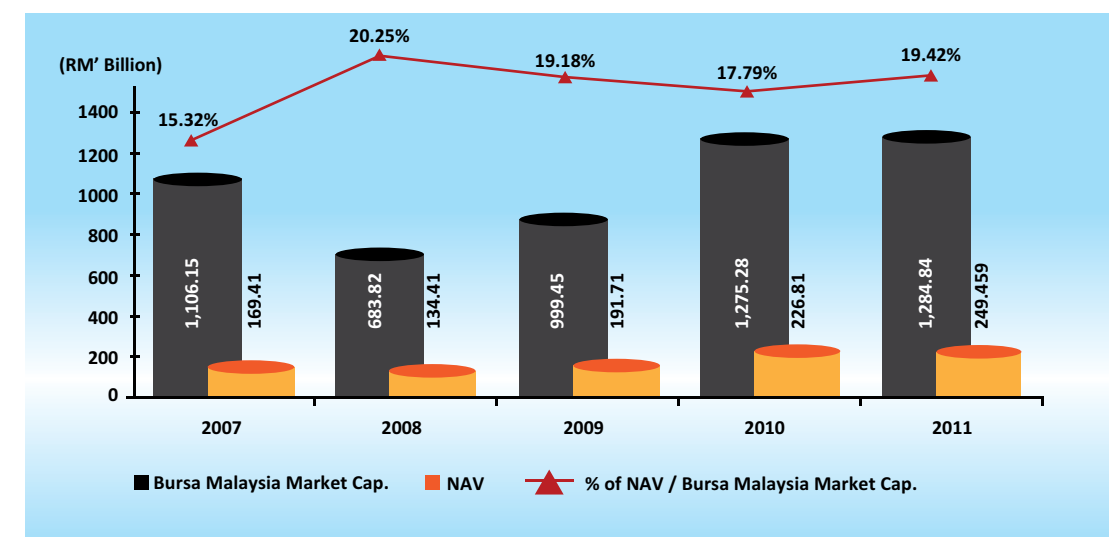
ANALYSIS OF THE NET ASSET VALUE (NAV) OF THE INDUSTRY

Unit Trust Funds

In 2011, investors wrestled with waves of uncertainty stemming from European debt crisis, lackluster global economic recovery and monetary tightening in key emerging markets such as China. Nevertheless, Malaysia's Gross Domestic Product (GDP) expanded by a credible 5.5% for the year, fuelled mainly by domestic demand that remained resilient on the back of robust private consumption and investment growth. Local equity market managed to return minor gains against sharp market volatility with KLCI ended the year up 0.78%. Bonds on the other hand did relatively better with both the government bonds and corporate bonds indices recorded a return of 4.83% and 7.56% respectively in 2011. The demand for higher yield amidst the low yielding environment in developed countries has also boosted the performance of the Malaysian bond market.

Against the challenging backdrop, Net Asset Value (NAV) for unit trust funds increased 10.0% to RM249.5 billion as at end of December 2011, representing 19.4% of market capitalisation of Bursa Malaysia (Chart 1).

Chart 1: Total NAV vs Bursa Malaysia Market Capitalisation as at 31 December (in RM billion)



Source : Securities Commission (SC)

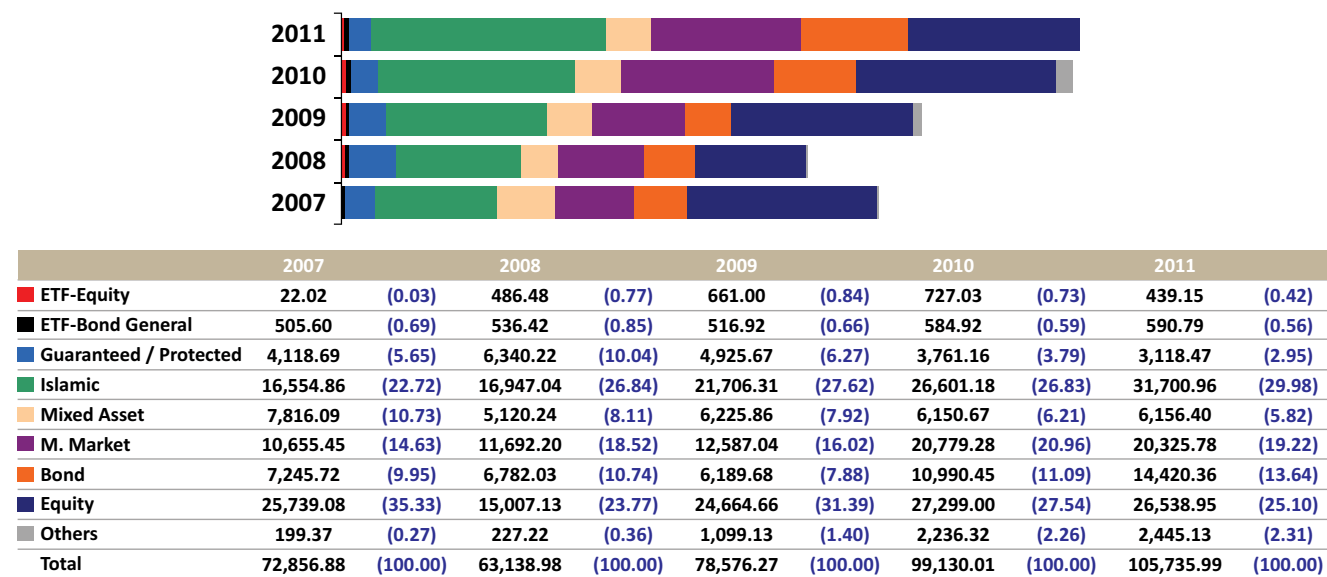
ANALYSIS OF THE NET ASSET VALUE (NAV) OF THE INDUSTRY (cont'd)

Private unit trust funds (excluding federal and state funds) saw NAV added 6.67% over the year and stood at RM105.74 billion as at end of December 2011 (Chart 2). The year marked the fifth consecutive year of firm growth of Islamic funds with total NAV stood at RM31.7 billion as at end of 2011—an increase of 19.2% over the year despite a torrent of uncertainty in asset prices.

After a continued strong growth registered for the past years, NAV of conventional equity funds and money market funds ebbed slightly to RM26.5 billion and RM20.3 billion respectively. The assets for conventional bond funds rose significantly to RM14.4 billion as of end of 2011, up 31.2% from RM11.0 billion a year before, largely driven by investors shifting capital to safer assets amid the ongoing political and economic maelstrom that lifted the volatility of the global financial markets.

Meanwhile, conventional mixed asset funds and guaranteed/protected funds accumulated the assets at RM 6.2 billion and RM3.1 billion respectively, largely at level similar to previous year.

Chart 2: Net Asset Value by Types of Funds as at 31 December (2007 - 2011) (RM million)



Source: Lipper. Based on respondent private funds (including wholesale funds) as categorised by Lipper and adopted by members.

Notes:

1. Based on Lipper's fund investment objectives, these funds have been grouped into the following eight types:

- (a) ETF-Bond & Equity : Includes both bond and equity ETF.
- (b) Guaranteed / Protected funds : Comprises conventional Capital Guaranteed funds and Capital Protected funds.
- (c) Money Market funds : Includes all conventional money market funds.
- (d) Mixed Asset funds : Includes conventional Mixed Asset MYR Balanced funds, Mixed Asset Other Aggressive funds, Mixed Asset Other Conservative funds and Mixed Asset Other Flexible funds.
- (e) Islamic funds : Includes Islamic Bond funds, Islamic Equity funds, Islamic Guaranteed/Protected funds, Islamic Mixed Asset funds and Islamic Money Market funds.
- (f) Bond funds : Include all conventional bond funds invested in Malaysian assets and abroad.
- (g) Equity : Include all conventional equity funds invested in local markets and abroad.
- (h) Others well as funds yet : Include Target Maturity funds, Commodities funds, Hedge/ Fixed Income Arbitrage funds as to be classified.

2. The private sector fund classification may differ between the Securities Commission and Lipper.

3. The above excludes Real-Estate Investment Trusts (REIT) as insufficient fund data were captured by Lipper as at end of 2011.

4. The above include 52 wholesale funds with total NAV of RM16.2 billion that are managed by FIMM members and captured by Lipper.

Exchange Traded Funds (ETFs)

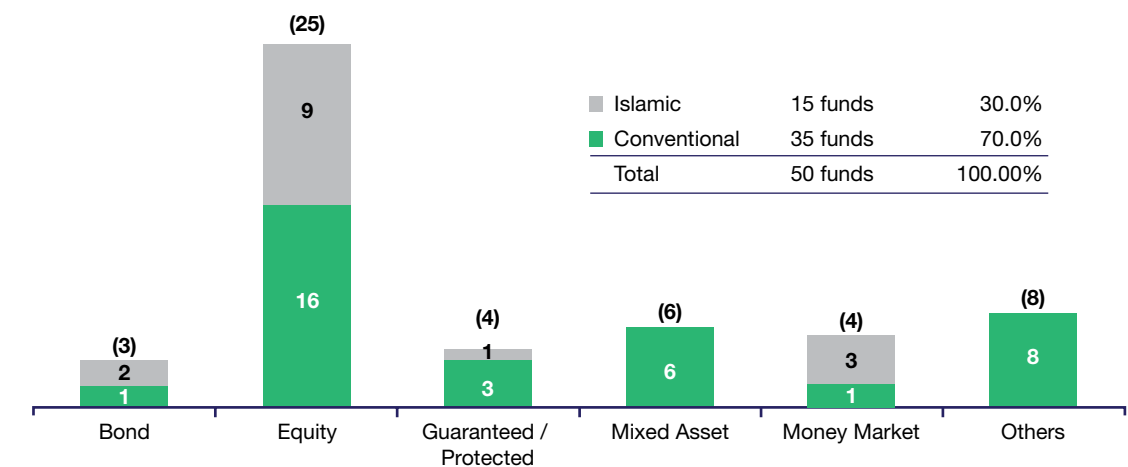
ETF which have grown prominent in other jurisdictions as a cost-effective investment tool to gain exposures to different markets have yet to earn the similar acceptance among investors here in Malaysia. As at December 2011, there are five ETF with total NAV of RM1.0 billion, reduced slightly from RM1.3 billion as at end of last year. Bond ETF garnered 57.4% or RM590.8 million of assets with the remaining from equity ETF.

NEW UNIT TRUST FUNDS LAUNCHED

Year 2011 saw 50 new unit trust funds launched, 27 funds matured or terminated due to sub-scale and inefficient to run thus bringing the total number of unit trust funds to 587 (Source: SC). Details of new funds are listed in the following Table 1.

Conventional funds populated most part of the list of the new funds launched in 2011 and equity funds were once again the largest among new funds launched in 2011—25 or 50.0% of new fund offerings (Chart 3). Meanwhile, mixed asset funds added six new funds; in addition to four each for capital protected funds and money market funds, collectively garnered 28.0% of new fund offerings last year.

Chart 3: New Unit Trust Funds Launched in 2011: By Asset Class



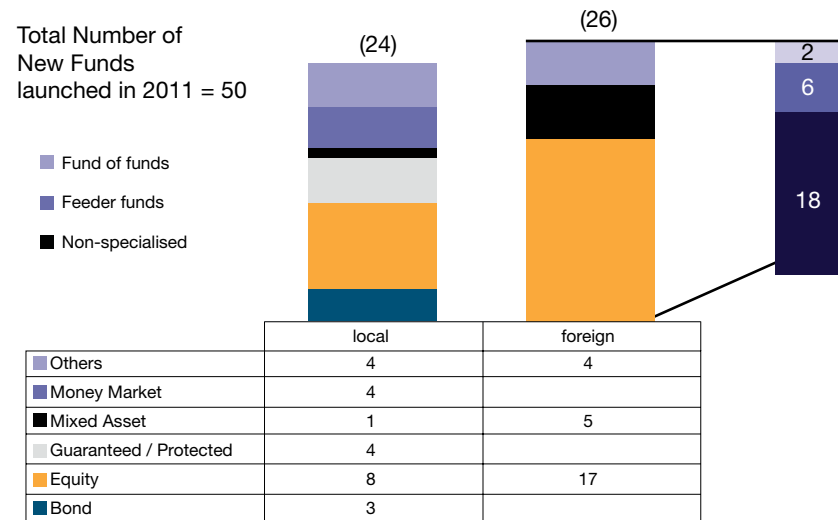
Source : FIMM

Notes : The above excludes Wholesale Funds, REITs and ETFs.

"Others" includes target maturity funds as well as funds yet to be classified.

Among new fund offerings, 26 or 52.0% (Chart 4) are funds with more than 50% of assets mandated to be invested overseas (foreign-focused unit trusts); whereas 24 funds or 48.0% are funds investing predominantly in local markets. Equity funds formed 17 or 65.4% of the foreign-focused funds. Meanwhile, 18 or 69.2% of the foreign-focused funds were packaged as non-specialised unit trust funds and six or 23.1% were offered through feeder fund structure and the remaining two or 3.8% were offered via fund of funds.

Chart 4: New Unit Trust Funds Launched in 2011: By Geographical Spread and Structure



Source : FIMM

Note : The above excludes Wholesale funds, REITs and ETFs.

Table 1: New Funds Launched in 2011

NO	FUNDS	LAUNCH DATE	UNIT TRUST MANAGEMENT COMPANIES
(A)	Real-Estate Investment Trusts		
1	Pavilion Real Estate Investment Trusts	14-Nov-11	Pavilion REIT Management Sdn Bhd
(B)	Unit Trust Funds		
1	OSK-UOB Asia Financials	11-Jan-11	OSK-UOB Investment Management Berhad
2	RHB-GS BRIC Equity	11-Jan-11	RHB Investment Management Sdn Bhd
3	CIMB-Principal Strategic Income Bond	24-Jan-11	CIMB-Principal Asset Management Berhad
4	OSK-UOB Capital Protected Sector Strategy	1-Mar-11	OSK-UOB Investment Management Berhad
5	Eastspring MY Focus	1-Mar-11	Eastspring Investments Berhad
6	PB Asia Pacific Enterprises	8-Mar-11	Public Mutual Berhad
7	RHB Dynamic Oil-Gold Capital Protected	11-Mar-11	RHB Investment Management Sdn Bhd
8	AmAustralia	15-Mar-11	AmInvestment Services Berhad
9	BIMB i Dividend	18-Mar-11	BIMB Investment Management Berhad
10	Hwang AUD Income-AUD Class	18-Mar-11	Hwang Investment Management Berhad
11	Libra Canada Australia Resource Economies	18-Mar-11	Libra Invest Berhad
12	Alliance Regular Income 3	21-Mar-11	Alliance Investment Management Berhad
13	Hwang Select Dividend	28-Mar-11	Hwang Investment Management Berhad
14	OSK-UOB Indonesia Equity Growth	4-Apr-11	OSK-UOB Investment Management Berhad
15	MAAKL-HDBS Shariah Progress	20-Apr-11	MAAKL Mutual Berhad
16	CIMB-Principal Asia Pacific Dynamic Income	25-Apr-11	CIMB-Principal Asset Management Berhad
17	Eastspring Indonesia Equity	27-Apr-11	Eastspring Investments Berhad
18	Am-Mateen Asia-Pacific Equity	5-May-11	AmInvestment Services Berhad
19	RHB-GS US Equity	18-May-11	RHB Investment Management Sdn Bhd
20	OSK-UOB Multi-Asset Recovery Strategy	19-May-11	OSK-UOB Investment Management Berhad
21	AmAdvantage Brazil	23-May-11	AmInvestment Services Berhad
22	TA Global Technology	26-May-11	TA Investment Management Berhad
23	Alliance Regular Income 4	30-May-11	Alliance Investment Management Berhad
24	AmASEAN Equity	6-Jun-11	AmInvestment Services Berhad
25	Public Singapore Equity	7-Jun-11	Public Mutual Berhad
26	Affin Quantum	28-Jun-11	Affin Fund Management Berhad
27	MIDF Amanah Asia Pacific Equity	28-Jun-11	MIDF Amanah Asset Management Berhad
28	MIDF Amanah Asia Pacific Islamic Equity	28-Jun-11	MIDF Amanah Asset Management Berhad
29	OSK-UOB Capital Protected Dual Opportunities	28-Jun-11	OSK-UOB Investment Management Berhad
30	RHB Islamic Enhanced Cash	28-Jun-11	RHB Investment Management Sdn Bhd
31	AMB Dana Nabeel	6-Jul-11	Amanah Mutual Berhad
32	AmAsia Pacific REITs	18-Jul-11	AmInvestment Services Berhad
33	Public Islamic Treasures Growth	19-Jul-11	Public Mutual Berhad

NEW UNIT TRUST FUNDS LAUNCHED (cont'd)

Table 1: New Funds Launched in 2011 (cont'd)

NO	FUNDS	LAUNCH DATE	UNIT TRUST MANAGEMENT COMPANIES
34	Public Sukuk	19-Jul-11	Public Mutual Berhad
35	OSK-UOB Taiwan Opportunity	29-Jul-11	OSK-UOB Investment Management Berhad
36	OSK-UOB Agriculture	11-Aug-11	OSK-UOB Investment Management Berhad
37	OSK-UOB Global Food Islamic Equity	11-Aug-11	OSK-UOB Islamic Fund Management Berhad
38	OSK-UOB Islamic Cash Management	18-Aug-11	OSK-UOB Islamic Fund Management Berhad
39	Hwang Fixed Maturity Income III	6-Sep-11	Hwang Investment Management Berhad
40	PB Asia Emerging Growth	6-Sep-11	Public Mutual Berhad
41	PB Bond	6-Sep-11	Public Mutual Berhad
42	PB Sukuk	6-Sep-11	Public Mutual Berhad
43	Hong Leong Hong Kong Equity Optimizer	20-Sep-11	Hong Leong Asset Management Berhad
44	Public Ittikal Sequel	11-Oct-11	Public Mutual Berhad
45	AmConstant Multi Maturity 2	17-Oct-11	AmInvestment Services Berhad
46	OSK-UOB Deposits	19-Oct-11	OSK-UOB Investment Management Berhad
47	Hwang Fixed Maturity Income IV	8-Nov-11	Hwang Investment Management Berhad
48	PB Growth Sequel	15-Nov-11	Public Mutual Berhad
49	ASM Syariah Capital Protected Sector Linked	29-Nov-11	ASM Investment Services Berhad
50	Public Islamic Savings	15-Dec-11	Public Mutual Berhad

Source : FIMM

COMPUTERISED UNIT TRUST EXAMINATION (CUTE)

CUTE sessions were conducted in Kuala Lumpur, Petaling Jaya, Penang, Johor Bahru, Ipoh, Kota Kinabalu, Kuantan, Kuching, Alor Setar, Kota Bharu, Kuala Terengganu, Sandakan, Seremban, Melaka, Tawau, Miri and Sibu.

Table 2 shows the number of candidates registered for CUTE in 2011.

CUTE registration in 2011 was higher than 2010.

Table 2: Comparison of CUTE Registration for 2011 and 2010

Examination Session	No. of Registered Candidates 2011	No. of Registered Candidates 2010
January	1,341	1,380
February	1,126	1,240
March	1,600	1,533
April	1,579	1,175
May	1,787	1,579
June	1,765	1,410
July	1,852	1,203
August	1,967	1,490
September	1,239	1,161
October	1,268	920
November	1,519	1,360
December	2,367	888
TOTAL	19,410	15,339

UNIT TRUST CONSULTANTS (UTC)

The total number of UTC (Table 3) stood at 60,394 as at 31 December 2011 compared to 70,361 as at 31 December 2010. Of the total 60,394 registered UTC, 84.8% of them were attached to Ordinary Members and the balance of 15.2% were paid employees of IUTA and CUTA.

(Note: As of 1 January 2012, the registered number of UTC was 60,394 as a total of 13,091 did not renew their registration for 2012, giving a renewal rate of 82 %.)

Table 3: Number of Registered UTC

ORDINARY MEMBERS			
No.	COMPANY NAME	31 December 2011	31 December 2010
1	AFFIN FUND MANAGEMENT BERHAD	12	14
2	ALLIANCE INVESTMENT MANAGEMENT BERHAD	102	232
3	AMANAH MUTUAL BERHAD	21	22
4	AMANAH SAHAM KEDAH BERHAD	10	16
5	AMANAH SAHAM NASIONAL BERHAD	431	464
6	AMANAH SAHAM SARAWAK BERHAD	53	51
7	AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD	16	22
8	AMINVESTMENT SERVICES BERHAD	95	75
9	APEX INVESTMENT SERVICES BERHAD	341	460
10	ARECA CAPITAL SDN BHD	9	8
11	ASM INVESTMENT SERVICES BERHAD	218	281
12	LIBRA INVEST BERHAD (formerly known as Avenue Invest Berhad)	44	45
13	BIMB INVESTMENT MANAGEMENT BERHAD	77	88
14	CIMB WEALTH ADVISORS BERHAD	5395	4747
15	CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD	25	26
16	EASTSPRING INVESTMENTS BERHAD (formerly known as Prudential Fund Management Berhad)	2346	2586
17	HONG LEONG ASSET MANAGEMENT BERHAD	546	572
18	HWANGDBS INVESTMENT MANAGEMENT BERHAD	263	221
19	ING FUNDS BERHAD	1202	1342
20	INTER-PACIFIC ASSET MANAGEMENT SDN BHD	-	4
21	KAF FUND MANAGEMENT SDN BHD	-	4
22	KENANGA FUND MANAGEMENT BERHAD	-	4
23	KENANGA INVESTORS BERHAD	154	169
24	KUMPULAN SENTIASA CEMERLANG SDN BHD	1	5

Table 3: Number of Registered UTC (cont'd)

ORDINARY MEMBERS			
No.	COMPANY NAME	31 December 2011	31 December 2010
25	MAAKL MUTUAL BERHAD	1305	1261
26	MANULIFE UNIT TRUSTS BERHAD	181	190
27	MAYBAN INVESTMENT MANAGEMENT SDN BHD	2	3
28	MIDF AMANAH ASSET MANAGEMENT BERHAD	7	10
29	OSK-UOB INVESTMENT MANAGEMENT BERHAD	380	404
30	OSK-UOB ISLAMIC FUND MANAGEMENT BERHAD	1	-
31	PACIFIC MUTUAL FUND BERHAD	583	651
32	PELABURAN HARTANAH NASIONAL BERHAD	4	4
33	PELABURAN JOHOR BERHAD	7	7
34	PENGURUSAN KUMIPA BERHAD	15	16
35	PERMODALAN BSN BERHAD	6	14
36	PHEIM UNIT TRUSTS BERHAD	13	16
37	PHILLIP MUTUAL BERHAD	280	111
38	PTB UNIT TRUST BERHAD	19	19
39	PUBLIC MUTUAL BERHAD	36504	45925
40	RHB INVESTMENT MANAGEMENT SDN BHD	207	249
41	SAHAM SABAH BERHAD	27	26
42	TA INVESTMENT MANAGEMENT BERHAD	336	300
Sub-Total		51,237	60,664

REGISTERED PERSONS			
No.	COMPANY NAME	31 December 2011	31 December 2010
1	A.D. FINANCIAL SDN BHD	12	10
2	AFFIN BANK BERHAD	244	281
3	ALLIANCE BANK MALAYSIA BERHAD	405	400
4	AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD	67	71
5	AMBANK (M) BERHAD	536	737
6	AMINVESTMENT BANK BERHAD	59	50
7	BANK ISLAM MALAYSIA BERHAD	350	212
8	BANK KERJASAMA RAKYAT MALAYSIA BERHAD	35	17
9	BANK SIMPANAN NASIONAL	75	53

Table 3: Number of Registered UTC (cont'd)

REGISTERED PERSONS			
No.	COMPANY NAME	31 December 2011	31 December 2010
10	CIMB BANK BERHAD	1011	1063
11	CIMB INVESTMENT BANK BERHAD	72	60
12	CITIBANK BERHAD	196	305
13	CTLA FINANCIAL PLANNERS SDN BHD	3	2
14	ECM LIBRA INVESTMENT BANK BERHAD	37	60
15	EON BANK BERHAD	-	514
16	FIN FREEDOM SDN BHD (formerly known as Lion Wealth Advisors Sdn Bhd)	11	6
17	GV WEALTH PLANNERS SDN BHD	3	3
18	HONG LEONG BANK BERHAD	1444	1311
19	HONG LEONG ISLAMIC BANK BERHAD	-	19
20	HSBC AMANAH MALAYSIA BERHAD	114	96
21	HSBC BANK MALAYSIA BERHAD	491	444
22	IFAST CAPITAL SDN BHD	50	18
23	KENANGA INVESTMENT BANK BERHAD	8	-
24	KUWAIT FINANCE HOUSE (MALAYSIA) BERHAD	45	31
25	MALACCA SECURITIES SDN BHD	4	4
26	MALAYAN BANKING BERHAD	976	1231
27	OCBC AL-AMIN BANK BERHAD	11	24
28	OCBC BANK BERHAD	295	308
29	OSK INVESTMENT BANK BERHAD	255	290
30	PUBLIC BANK BERHAD	927	768
31	RHB BANK BERHAD	503	496
32	RHB ISLAMIC BANK BERHAD	-	4
33	STANDARD CHARTERED BANK (MALAYSIA) BERHAD	434	348
34	STANDARD CHARTERED SAADIQ BERHAD	37	13
35	STANDARD FINANCIAL PLANNER SDN BHD	76	79
36	THE ROYAL BANK OF SCOTLAND BERHAD	-	17
37	UNITED OVERSEAS BANK (MALAYSIA) BERHAD	363	346
38	WHITMAN INDEPENDENT ADVISORS SDN BHD	7	6
Sub-Total		9,157	9,697
GRAND TOTAL		60,394	70,361

REGISTRATION OF INSTITUTIONAL UNIT TRUST ADVISERS (IUTA)

Manulife Unit Trusts Bhd, Kenanga Investment Bank Bhd and Maybank Islamic Bhd were registered in 2011 as IUTA. There were 43 IUTA as at 31 December 2011, comprising banks, investment banks, unit trust management companies, a stock broking company and an on-line financial services provider.

No.	Name of IUTA	Effective Date*
	Approved IUTA (in year 2011)	
1.	Manulife Unit Trusts Bhd	13 Jul 2011
2.	Kenanga Investment Bank Bhd	14 Oct 2011
3.	Maybank Islamic Bhd	23 Dec 2011
Approved IUTA (in previous year)		
1.	Citibank Bhd	1 May 2000
2.	Standard Chartered Bank (Malaysia) Bhd	1 May 2000
3.	HSBC Bank (Malaysia) Bhd	1 May 2000
4.	OCBC Bank (Malaysia) Bhd	1 May 2000
5.	OSK Investment Bank Bhd	15 Jul 2000
6.	CIMB Wealth Advisors Bhd	1 Sep 2000
7.	Public Bank Bhd	1 Oct 2000
8.	Apex Investment Services Bhd	1 Nov 2000
9.	AmInvestment Services Bhd	15 Jun 2001
10.	Alliance Bank (Malaysia) Bhd	1 Aug 2001
11.	United Overseas Bank (Malaysia) Bhd	15 Mar 2002
12.	CIMB Investment Bank Bhd	1 May 2002
13.	Malayan Banking Bhd	15 Sep 2002
14.	RHB Bank Bhd	1 Feb 2003
15.	Affin Bank Bhd	1 Mar 2003
16.	AmInvestment Bank Bhd	1 Sep 2003
17.	Hong Leong Bank Bhd	1 Oct 2004
18.	AmBank (M) Bhd	15 Feb 2005
19.	Malacca Securities Sdn Bhd	15 Mar 2005

REGISTRATION OF INSTITUTIONAL UNIT TRUST ADVISERS (IUTA) (cont'd)

No.	Name of IUTA	Effective Date*
	Approved IUTA (in year 2011)	
20.	Kenanga Investors Bhd (formerly known as CMS Trust Management Bhd)	15 Apr 2005
21.	Phillip Mutual Bhd	1 May 2005
22.	TA Investment Management Bhd	7 Sep 2006
23.	CIMB Bank Bhd	8 Sep 2006
24.	ASM Investment Services Bhd	11 Dec 2006
25.	ECM Libra Investment Bank Bhd	30 Jan 2007
26.	Hong Leong Islamic Bank Bhd	18 May 2007
27.	Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	4 Jun 2007
28.	Kuwait Finance House (M) Bhd	27 Aug 2007
29.	CIMB Islamic Bank Bhd	29 Aug 2007
30.	Areca Capital Sdn Bhd	27 Nov 2007
31.	Bank Islam Malaysia Bhd	3 Mar 2008
32.	RHB Investment Management Sdn Bhd	14 May 2008
33.	iFAST Capital Sdn Bhd	27 Jun 2008
34.	MAAKL Mutual Bhd	5 Aug 2008
35.	Amanah Saham Nasional Bhd	25 Sep 2008
36.	HSBC Amanah Malaysia Bhd	29 Oct 2008
37.	Standard Chartered Saadiq Bhd	18 Nov 2008
38.	OCBC Al-Amin Bank Bhd	21 Jan 2009
39.	Bank Kerjasama Rakyat Malaysia Bhd	6 July 2009
40.	Bank Simpanan Nasional	27 May 2010

* Effective date of approval to market and distribute unit trusts.

REGISTRATION OF CORPORATE UNIT TRUST ADVISERS (CUTA)

Legacy Advisory Sdn Bhd was registered in 2011 as CUTA. A total of seven CUTA were registered with FIMM as at 31 December 2011.

No.	Name of CUTA	Effective Date*
	Approved CUTA (in year 2011)	
1.	Legacy Advisory Sdn Bhd	10 Nov 2011
Approved CUTA (in previous year)		
1.	Standard Financial Planner Sdn Bhd	29 Apr 2008
2.	Fin Freedom Sdn Bhd (formerly known as Lion Wealth Advisors Sdn Bhd)	5 Aug 2008
3.	Whitman Independent Advisors Sdn Bhd	17 Feb 2009
4.	A.D. Financial Sdn Bhd	2 Oct 2009
5.	GV Wealth Planners Sdn Bhd	11 Feb 2010
6.	CTLA Financial Planners Sdn Bhd	20 Sep 2010

* Effective date of approval to market and distribute unit trusts.

2011 HIGHLIGHTS - INDUSTRY DEVELOPMENT INITIATIVES

Enhance Investors Protection/ Interests

- Introduction of the Pre-Investment Form to investors
- Adoption of the “Fit & Proper” screening test on Unit Trust Consultants (UTC)
- Implementation of methodology to evaluate annual performance of funds offered to EPF members
- Reinstatement of funds with 30% foreign portfolio to be sold to EPF members
- Continued Investors Education & engagement

Corporate Governance

- Approval of revised Memorandum & Articles of Association to enhance governance
- Appointment of Internal Auditors
- Adoption of Risk Management Framework

Profiling FIMM

- Host for the 15th Asia Oceania Investment Funds Association meeting in Kota Kinabalu

Enhance Industry Efficiency

- Launch of the E-PPA system to process withdrawal applications and redemptions from EPF members
- Live run on electronic system for submission of daily fund prices by the industry to FIMM

Industry Blueprint

- Launch of the Investment Management Industry Masterplan – a 10-year roadmap for the industry

Strengthening SRO Structure

- Continued development and revision of the following:
 - i. Competency and Knowledge Enhancement programme for UTC
 - ii. Marketing and Distribution Compliance Audit on distributors
 - iii. Market survey for feedback from investors
 - iv. Code of Ethics and Standards of Professional Conduct
 - v. By-laws relating to the Procedure for Disciplinary Proceedings
 - vi. By-laws Relating to the Appointment and Functions of the Councils and Committees
 - vii. Guidelines on Registration of IUTA and CUTA

REGULATORY DEVELOPMENT AND INDUSTRY INITIATIVES

1. SECURITIES COMMISSION

a) Private Retirement Scheme

FIMM worked closely with the SC on the framework for the Private Retirement Scheme (PRS) that will form an integral feature of the private pension industry with the objective of helping individuals accumulate savings for retirement. It complements the mandatory contributions made to Employees Provident Funds.

FIMM participated actively in areas related to tax incentives for PRS, the scheme structure, investments, disclosures and other operational aspects of the scheme that include dealing, valuation and pricing. Additionally, both SC and FIMM have started putting in place the foundation for the framework on marketing and distribution of PRS. The framework aims to provide a regulatory environment that protects the interests of the investing public. It establishes the requirements to be complied by any person who carries out the activity of dealing in PRS in Malaysia.

b) Marketing and Distribution Compliance Audit

The Marketing and Distribution Compliance Audit Framework (Audit Framework) that was developed in 2010 was revised to take into account comments and reporting requirements from the SC. Based on the Audit Framework which consists of two components i.e. the on-site audit and due diligence review, separate audit and due diligence checklists had been developed for UTMIC, IUTA and CUTA respectively. These checklists, set the parameters for FIMM to evaluate the compliance of UTMIC, IUTA and CUTA within the regulatory requirements in respect of their marketing and distribution activities.

The proposed audit programme was submitted to the SC in September 2011 for approval. The audit programme is targeted to be rolled out to the industry in the first half of 2012, subject to the SC's approval.

c) Market Survey for Investors

As one of the two surveillance programmes (the other being the Marketing and Distribution Compliance Audit) developed by FIMM, the survey aims at obtaining feedback from the investors whether UTCs are adopting best practices in marketing when dealing with their clients. The survey will determine whether certain mechanism and processes should be adopted to enhance the protection of investors. With the approval obtained from the SC, the survey which involved UTMIC, IUTA and CUTA was implemented in November 2011. The results of the survey will be compiled as an industry wide finding and submitted to the SC.

d) Pre-Investment Form

FIMM and the Securities Commission continued to have engagements with the industry to improve the implementation of the Pre-Investment Form (PIF). On the 1st April 2011, the revised PIF came into effect.

e) Feedback for the Law Harmonisation Committee

A working group was formed to provide feedback and input to the Law Harmonisation Committee (“LHC”). Bank Negara Malaysia established the LHC with the key objective of positioning Malaysian laws as the law of choice for international Islamic finance transactions. In doing so, the LHC aims to review existing laws in Malaysia to improve the certainty of the usage of Islamic financial transactions at domestic and international level.

The working group was headed by the IDC Chairman, Professor Dr. Saiful Azhar Rosly. Other members of the working group were Encik Nor' Azamin bin Salleh a member of Industry Development Committee, En. Zulkarnain Md Zain from Islamic Banking and Finance Institute Malaysia Sdn. Bhd., En. Andri Aidham Badri from Kadir Andri & Partners, En. Muhammad Zahid Abdul Aziz from Muamalah Financial Consulting Sdn. Bhd., Mr. Christopher Foo from Raja, Darryl & Loh and En. Adi Hanif Bin Mohamed from BIMB Securities Sdn. Bhd. The feedback provided by the working group during the meeting was forwarded to the Securities Commission.

REPORT ON THE INITIATIVES OF THE COMMITTEES

The Board of Directors established various committees with specific objectives to serve the interest of its members and the investing public. Assisting the Board are five (5) committees. The activities of the committees for the year under review are summarised below:

INDUSTRY DEVELOPMENT COMMITTEE

Chairman - Prof. Dr. Saiful Azhar

Role and responsibilities:

1. Oversee the orderly development of marketing and distribution of investment products locally and internationally
2. Oversee the orderly development of fund management
3. Enhancing public awareness and confidence in the Investment Management Industry through formulation and promotion of investor awareness programmes.
4. Rationalising and streamlining fund management operations within the Investment Management Industry.
5. Rationalising and streamlining marketing and distribution activities within the Investment Management Industry and to enhance the level of professionalism among Registered Persons.
6. Conducting research for identifying and exploring new opportunities in order to facilitate the growth of the Investment Management Industry. The scope of research include:
 - (i) Reviewing and assessing industry developments, both locally and internationally.
 - (ii) Identifying potentials and opportunities for the industry growth.
 - (iii) Making proposals to the SC for broadening offerings of investment products and services after identifying and ascertaining the timeliness and expediency for such products or services, taking into account any possible or incidental risk which may be involved in introducing new products and services.
 - (iv) Ensuring that distribution channels shall not be affected by the introduction of new products and services.
7. Facilitating the development of private pension funds within the Investment Management Industry with a view to promote retirement savings.
8. Seeking tax incentives for the Investment Management Industry, both direct and indirect, to encourage the public to invest.
9. Collating and analysing industry statistics submitted by Ordinary Members and Registered Persons. The data collected shall be compiled into a consolidated industry performance report for the general information of Ordinary Members and such other persons that the Board may approve.
10. Managing public affairs and acting as a spokesperson for the FIMM on matters and issues relating the Investment Management Industry and public policies affecting the same.

a) Industry Dialogue on Marketing and Distribution of Islamic Unit Trusts

The industry dialogue on Marketing and Distribution of Islamic Unit Trusts was held on 11 July 2011 at the Sime Darby Convention Centre. This one-day event was held as part of FIMM's initiative in promoting the growth of Islamic unit trusts investment. The main objective of the industry dialogue is to ascertain the challenges faced by unit trust distributors in promoting Islamic unit trust funds and to identify improvements that could overcome such challenges.

The event was attended by the senior marketing personnels from UTMIC, IUTA and CUTA. The dialogue sessions were moderated by Prof. Dr. Saiful Azhar Rosly and Mr. Mike Lee while Encik Zainal Izlan, Executive Director of the Islamic Capital Market Division and Encik Mohd Radzuan A Tajuddin, Deputy General Manager and Head of the Islamic Capital Market Division of the SC delivered the keynote speech for the morning and afternoon sessions respectively.

Key findings from the dialogue was compiled and shared with the industry.

b) Enhanced Professionalism and Education

- i. Competency and Knowledge Enhancement (CAKE) Programme
The committee held discussions with SC and the Securities Industry Development Corporation (SIDC) on developing and implementing an education framework for new and existing UTCs to raise their competency, knowledge, skill sets and professionalism.
- ii. Implementation of the Continuing Professional Development Programme (CPD)
FIMM commenced its CPD framework in September 2011 to ensure that UTCs consistently strengthen their capabilities and knowledge. In the interim, the CPD framework would be further reviewed by SIDC to ensure it meets the standards of the CMSA (Capital Markets Services Act) as advised by the SC.

c) Investor Education and Stakeholder Engagement Initiatives

i. Investor Education Initiatives

Financial Literacy Campaigns

To create a community of informed investors, brochures and pamphlets were printed and distributed through UTCs and industry related events to educate the public. Advertisements informing the benefits of investing in unit trusts were inserted in the Smart Investor Magazine for the September and November issue.

Retirement Transformation Conference

FIMM co-supported the Retirement Transformation Conference which was held on the 26th September 2011 at the Sunway Pyramid Convention Centre. FIMM was represented at the speaker's platform by our Board Member, Dato' Steve Ong. UTCs were given 8 CPD points for attendance and discount off the registration fee to encourage them to participate. The conference drew about 300 delegates locally and from overseas.

ii. Annual Convention for Unit Trust Consultants

The 11th Annual Convention for Unit Trust Consultants was held on the 12th October at the Berjaya Hotel, Kuala Lumpur. The event welcomed an audience of 1100 delegates from the unit trust industry. The committee provided valuable insights and contributed towards the successful completion of the convention.

d) Feedback for the Law Harmonisation Committee

A working group was formed to provide feedback and input to the Law Harmonisation Committee ("LHC"). Bank Negara Malaysia established the LHC with the main objective of positioning Malaysian laws as the law of choice for international Islamic finance transactions. In doing so, the LHC aims to review existing laws in Malaysia to improve the certainty of the usage of Islamic financial transactions at domestic and international level.

The working group was headed by the Chairman of the IDC, Professor Dr. Saiful Azhar Rosly. Other members of the working group were Encik Nor' Azamin bin Salleh a member of Industry Development Committee, En. Zulkarnain Md Zain from Islamic Banking and Finance Institute Malaysia Sdn. Bhd., En. Andri Aidham Badri from Kadir Andri & Partners, En. Muhammad Zahid Abdul Aziz from Muamalah Financial Consulting Sdn. Bhd., Mr. Christopher Foo from Raja, Darryl & Loh and En. Adi Hanif Bin Mohamed from BIMB Securities Sdn. Bhd. The feedback provided by the working group during the meeting was forwarded to the Securities Commission.

e) Dialogue with SC on the Standardisation of Distribution Equalisation (DE) Model for Unit Trusts Fund

The DE dialogue was held on 9 February 2011 at SC's office in Bukit Kiara on SC's initiative to standardise an acceptable model for DE computation. The Dialogue was attended by FIMM, representative from the industry, Malaysia Institute of Accountants, accounting firms and FIMM is required to lead the standardisation model with a statement of recommendation for members who are practicing DE.

The IDC after several meetings has approved the common practices for DE methodology and the proposed papers were sent to SC on 11 October 2011. Once the approval is obtained from the SC, FIMM will proceed to issue an Investment Management Strategy Standard for the industry.

f) Private Retirement Scheme

The Committee worked closely with the SC to put in place a strong regulatory and supervisory framework for the Private Retirement Scheme (PRS) that will form an integral feature of the private pension industry with the objective of helping individuals accumulate savings for retirement. It complements the mandatory contributions made to Employees Provident Funds.

During the year, the Committee provided feedback and guidance to the industry on areas related to tax incentives needed to make PRS a viable proposition to Malaysian investing public, the scheme structure and features, eligibility criteria for PRS providers, investments universe, disclosures requirements and other operational aspects of the scheme such as dealing, valuation and pricing. Additionally, both the SC and FIMM have started putting in place the foundation for the framework on marketing and distribution of PRS. The framework aims to provide a regulatory environment that protects the interests of the investing public. It establishes the requirements to be complied with by any person who carries on the regulated activity of dealing in PRS in Malaysia.

g) Currency hedging or funds approved under the Employees Provident Funds Members Investment Scheme (EPF-MIS)

Following the liberalisation of overseas investments for funds approved under the EPF-MIS, the Committee has met with EPF in the last quarter of 2011 and put forward the industry's views on allowing such funds to invest in derivatives for the purpose of currency hedging. Possible monitoring mechanism for EPF's surveillance efforts that based upon existing monthly statistical returns submitted by management companies to the SC was also discussed.

h) Reduction of Fees Payable by the Industry

Following FIMM's engagement with the SC since past years, the SC has issued the Capital Markets and Services (Fees) Regulations 2011 that came into force on 15 March 2011.

Notable fee reduction include fees for establishment of an unlisted unit trust fund, approval of management company per fund and abolishment of fee for approval of funds' trustee. Meanwhile, fees for registration of prospectus (including supplementary prospectus) as well as the deposit for the information memorandum was increased.

RULES COMMITTEE

Chairman - Dato' Syed Norulzaman Syed Kamarulzaman

Role and responsibilities:

1. Responsible for providing advice and clarification on legal and regulatory issues affecting the Investment Management Industry.
2. Propose, make, review and amend by-laws, rules and/or regulations necessary for regulating the activities and conduct of Ordinary Members and Registered Persons.
3. Regularly review the rules, by-laws and relevant policies and procedures governing the Investment Management Industry and FIMM and to make recommendations for changes to meet the good governance, organisational and administrative requirements of FIMM.
4. Examine the policy and rules making process and provide advice to bring greater transparency to regulatory decision making within FIMM.
5. Deliberate and/or decide on such matters in relation to the rules referred to by the Board, Councils and Committees.
6. Setting up proper mechanisms and implementing adequate measures to deal with complaint relating to the conduct of Ordinary Members and Registered Persons.
7. Working closely with the SC to provide a strong framework for investor protection, in order to enhance investors' confidence in the Investment Management Industry.
8. Strategise, plan and review supervision, surveillance, monitoring and enforcement framework to ensure compliance with the regulatory standards and requirements.
9. Plan, review and approve surveys to identify issues and ascertain the appropriate measures to be taken in terms of rules governing the Investment Management Industry.
10. Review results of surveillance and surveys and approving the actions to be taken based on the results.
11. Making proposals to the SC for improvement of rules governing the Investment Management Industry.
12. Setting the standards to enhance the level of professionalism among Registered Persons.
13. Setting the minimum entry and eligibility requirements for registration of IUTA and CUTA to ensure that only institutions which are able to meet and maintain the requirements set by FIMM are registered.
14. Setting the minimum entry and eligibility requirements for registration of UTC to ensure that only individuals who have passed the examination modules set or recognised by FIMM are registered.
15. Setting the Continuing Professional Development standards for UTC which have been designed to improve levels of proficiency among UTC, thereby continuously improving the quality of services being offered to the investing public.
16. Overseeing the introduction of semi-professional and professional programmes to UTC.
17. Formulating standards for best practices in the Investment Management Industry, in line with international standards.

a) Compliance Audit on Marketing and Distribution Activities

The Marketing and Distribution Compliance Audit Framework (Audit Framework) that had been developed in 2010 was further revised to take into account comments and reporting requirements from the SC. Based on the Audit Framework which consists of two components i.e. the on-site audit and due diligence review, separate audit and due diligence checklists had been developed for UTMC, IUTA and CUTA respectively. These checklists set the parameters where FIMM will evaluate the compliance of UTMC, IUTA and CUTA with the regulatory requirements in respect of marketing and distribution activities. The audit points and "Agreed-Upon Procedures (AUP)" of the checklists were deliberated in the Rules Committee meetings in a comprehensive manner to ensure quality audit outcome.

The proposed audit programme was submitted to the SC in September 2011 for approval. Once the approval is obtained from the SC, FIMM will proceed to notify the UTMC, IUTA and CUTA on the implementation of the audit programme and to brief them on the relevant mechanism and schedule that has been set by FIMM.

b) Market Survey for Investors

Further to the Market Survey Framework that had been developed in 2010, the list of survey questions was further revised based on the comments given by the SC and Rules Committee. Essentially, the list of survey questions was expanded so that the survey will obtain feedback from the investors whether UTCs are adopting the best practices in marketing when dealing with their clients and whether certain mechanism and processes should be adopted to enhance the protection of investors.

In September 2011, SC approved the list of the survey questions that incorporated its recommendation. In November 2011, FIMM issued its circular to the UTMC, IUTA and CUTA to implement the survey. The results of the survey will be compiled as an industry wide finding and submitted to the SC.

c) Improving the eligibility requirement to be registered as UTC

In order to enhance the credibility of UTC and improve confidence of the investors, the Rules Committee revised the eligibility requirement to be registered as UTC as follows:

- Persons who wish to sit for the Computerised Unit Trust Examination (CUTE) must obtain credits in Bahasa Malaysia, English or Mandarin and Mathematics;
- The passing mark for CUTE is raised to seventy five percent (75%); and
- Persons who have left the unit trust industry for more than three (3) years are required to re-sit the CUTE.

d) Draft By-Laws Relating to the Appointment and Functions of the Councils and Committees of the Federation of Investment Managers Malaysia

The RC reviewed the draft By-laws Relating to the Appointment and Functions of the councils and committees of the Federation of Investment Managers Malaysia (By-laws) to govern matters relating to the appointment and functions of the Councils and/or Committees appointed by the Board pursuant to Article 57 of the Articles of Association of the FIMM. The draft By-laws was submitted to the SC for review in September 2011.

e) Revision of the By-Laws Relating to the Procedure for Disciplinary Proceedings

The RC continued the initiative of the Compliance and Disciplinary Council to study the revised By-Laws Relating to the Procedure for Disciplinary Proceedings (By-Laws) to improve the management of the disciplinary proceedings and to streamline the penalties that may be imposed by FIMM for non-compliance and misconduct.

f) Revision of the Code of Ethics and Standards of Professional Conduct for the Unit Trust Industry

The RC continued the initiative of the Compliance and Disciplinary Council to study the proposed revision of the Code of Ethics and Standards of Professional Conduct ("Code"). The revised Code will be more comprehensive and relevant to the development of the industry.

g) Revision of numerous procedures to enhance efficiency of FIMM

The RC reviewed and revised several procedures to enhance FIMM effectiveness as a self-regulatory organisation. Some of the procedures reviewed and revised by RC were:

- Procedures for deregistration of UTC
- Dismissal of complaints by the Chief Executive Officer involving matters not within the purview of FIMM

h) Revision of the statutory declaration

The statutory declaration to be completed by persons intending to register as UTC and UTC intending to renew registration with FIMM was reviewed and revised by the RC to ensure that the person intending to register as a UTC agreed that FIMM reserves the right to take all actions necessary in respect of any misconduct or non-compliance with any of the conditions of the statutory declaration or any of the guidelines, code and by-laws issued by the FIMM. This is one of the initiatives undertaken by FIMM in order to protect the interest of the public.

DISCIPLINARY COMMITTEE

Chairman - Datuk Wira Jahaya

Role and responsibilities:

1. Reviewing complaints pertaining to the Investment Management Industry and conducting disciplinary proceedings against Ordinary Members and Registered Persons where necessary.
2. Conducting disciplinary proceedings against Ordinary Members and Registered Persons for non-compliance and misconduct that is discovered through surveillance activities.
3. Enforcing and ensuring observance and compliance by Ordinary Members and Registered Persons with all rules, regulations, by-laws, guidelines, directives, codes, standards and practice notes issued by the FIMM and SC from time to time.
4. Providing clarifications and advice on proper mechanisms and adequate measures to deal with complaints and disciplinary procedures relating to the conduct of Ordinary Members and Registered Persons.
5. Reviewing quarterly report provided by FIMM to the SC on complaints received by the FIMM including actions taken against any Ordinary Member or Registered Person by the Disciplinary Committee or Appeal Committee.

a) Initiatives to protect public and investors' interest

The Disciplinary Committee (DC) made several proposals to the Rules Committee (RC) with the view to protect public interest. The proposals include the following:

- Revision of the By-Laws Relating to the Procedure for Disciplinary Proceedings to improve the management of the disciplinary proceedings and to streamline the penalties that may be imposed by FIMM for non-compliance and misconduct; and
- Revision of the statutory declaration to be completed by persons intending to register as UTC and UTC intending to renew registration with FIMM to include a statement in the statutory declaration denoting that the person intending to register as a UTC agrees that the FIMM reserves the right to take all actions necessary in respect of any misconduct or non-compliance with any of the conditions of the statutory declaration or any of the guidelines, code and by-laws issued by the FIMM. This would allow FIMM to publish the names of the UTC following any disciplinary action taken against the UTC to protect the public and investors.

In addition, an investor alert was published in FIMM's website to inform the members of the public to be aware of unauthorised persons and to advice members of the public that a person must be registered with FIMM as a unit trust consultant for the purpose of marketing and distributing unit trust funds. The UTC authorisation card has also been enhanced to include the telephone number of the company that is represented by the UTC.

b) Quarterly reports on complaints received by FIMM

The DC discussed the quarterly reports on complaints received and resolved by FIMM which were submitted to the SC.

c) Complaint by investors and enforcement actions

Complaints by investors, findings of misconduct and actions to be taken were brought up for discussion and decision of the DC.

APPEALS COMMITTEE

Chairman - Tunku Dato’ Ya’acob Tunku Tan Sri Abdullah

Role and responsibilities:

1. Responsible to hear and review appeals made by Ordinary members and Registered Persons against any decision made against them by the Disciplinary Committee.
2. Provide clarifications and advice on proper mechanisms and adequate measures to deal with complaints and disciplinary procedures relating to the conduct of Ordinary Members and Registered Persons.

a) Appeals considered by the Appeal Committee

There were two (2) appeals made by registered persons against the decision made against them by the Disciplinary Committee that were considered by the Appeal Committee in 2011.

AUDIT COMMITTEE

Chairman - Datuk Siti Hadzar

Members and Meetings

The Audit Committee comprises the following members, their designations and attendance records at the Committee meetings in 2011:

Name of Director	Designation	Attendance of Meetings
Datuk Siti Hadzar Mohd Ismail	Public Interest Director & Chairman	3 / 3
Datuk Wira Jahaya Mat	Public Interest Director	2 / 3
Mr. George Yap Koi Ming	Public Interest Director	0 / 3
Ms. Yeoh Kim Hong	Non-Public Interest Director	3 / 3
En. Mohamad Ayob Abu Hassan	Non-Public Interest Director	3 / 3

The Committee convened three (3) meetings during the financial year.

Terms of Reference

The Board appoints the Chairman and members of the Audit Committee from amongst the directors of Board. The Chairman of the Audit Committee shall be appointed from among the Public Interest Directors in the Audit Committee.

The Audit Committee shall meet at least four (4) times a year and requires a quorum three (3) directors with at least one (1) Public Interest Director present. The Audit Committee shall also meet at least two (2) times a year with the external auditors to discuss on nature, scope of audit, audit results, issues and reservations arising from the audit. The Audit Committee may require members of management, auditors or others to attend meeting, as deemed necessary. The activities of the Committee are recorded and the minutes of meetings are tabled at the Board of Directors meeting.

The purpose, authority and responsibility of the Audit Committee are set out in the Audit Committee Charter.

The role and responsibilities of the Audit Committee are:-

- (a) To review the quarterly and annual financial statement and to make recommendation(s) to the Board on the adoption of annual financial statement and level of disclosure focusing on:
 - changes in significant accounting principles and policies used;
 - compliance with applicable accounting standards, regulatory and statutory requirements;
 - adequacy and effectiveness of the risk management and internal control systems; and
 - significant adjustment or unusual events resulting from the audit.

- (b) To consider and recommend to the Board the appointment of the external auditor, their remuneration and any issues regarding their performance;
- (c) To review the external auditor’s audit scope, audit plans including coordination of audits efforts with internal auditor and inquiries of the audit findings if there have been any significant disagreements with management;
- (d) To review the internal audit plan on an annual basis and to provide direction to the Internal Audit Department to ensure its effectiveness and compliance;
- (e) To review the findings arising from internal audit reports and responses by the management, to determine appropriate corrective action required of the management;
- (f) To review on the implementation of all recommendations made by the Internal Audit Department; and
- (g) To report to the Board on its findings before submission to Securities Commission on a quarterly and yearly basis.

Activities of the Committee

During the year, the Audit Committee carried out the following activities:

1. Financial Reporting

Reviewed and recommended the quarterly unaudited financial results to the Board for the Board’s consideration and approval.

2. Statutory accounts for the financial year ended 31 December 2010

Discussed and reviewed with Messrs KPMG the audit findings, the audit report, management letter and management’s responses, and subsequently recommended to the Board for approval and tabling at the Annual General Meeting.

3. Appointment of external auditor

Messrs KPMG did not seek re-appointment as FIMM’s external auditor for the financial year ended 31 December 2011. Deliberated and recommended to the Board on the appointment and engagement of Messrs Morison AnuarulAzizanChew as FIMM’s external auditor for the financial year ended 31 December 2011.

4. Statutory audit plan and audit fee for the financial year ended 31 December 2011

Reviewed and approved the external auditor’s scope of work and audit plan for the financial year ended 31 December 2011.
Considered and recommended to the Board for approval of audit fees of RM20,000.00 payable to the external auditors.

5. Internal audit

Review the Internal Audit Plan 2010/2012 and noted on the appointment of BDO Governance Advisory Sdn Bhd to carry out the eight (8) Internal Control Reviews for tenure of 2 years.
Reviewed and recommended to the Board on the internal audit reports from BDO Governance Advisory Sdn Bhd, on audit issues highlighted, recommendations and the Management’s responses thereto.
During the year, the Audit Committee conducted interviews to recruit the Head of Internal Audit. The position remains vacant to-date.

6. Audit Committee Charter

Reviewed the revised Audit Committee Charter in view of FIMM’s SRO status and recommended to the Board for approval.

7. Risk Management Framework

Reviewed the revised Risk Management Framework for Board’s approval in tandem with the SRO status.

CALENDAR OF EVENTS

JANUARY

- 25 10th Board of Directors Meeting

FEBRUARY

- 9 Industry dialogue with the SC on distribution equalisation account for unit trust funds
18 11th Board of Directors Meeting

MARCH

- 3 UTC Seminar, Kuala Lumpur
8 UTC Seminar, Kuching
10 UTC Seminar, Kota Kinabalu
17 UTC Seminar, Kuala Lumpur
30 UTC Seminar, Johor Bahru
31 UTC Seminar, Melaka
31 12th Board of Directors Meeting

APRIL

- 7 UTC Seminar, Kuala Lumpur
20 UTC Seminar, Kuantan
Meeting with the SC on PRS (Private Retirement Scheme)
26 UTC Seminar, Penang
28 UTC Seminar, Ipoh

MAY

- 4 UTC Seminar, Kuala Lumpur
11 UTC Seminar, Bukit Mertajam
18 13th Board of Directors Meeting
19 UTC Seminar, Kuching
Industry Development Committee Meeting
1st Industry Development Committee Meeting
24 Briefing by the SC on PRS
31 UTC Seminar, Bukit Mertajam

JUNE

- 2 2nd (Emergency) Industry Development Committee Meeting
3 SC's Dialogue Session on PRS
6 Rules Committee Meeting
8 Disciplinary Committee Meeting
9 UTC Seminar, Kuala Lumpur
15 UTC Seminar, Johor Bahru
Industry Development Committee Meeting
3rd Industry Development Committee Meeting
21 UTC Seminar, Kuala Lumpur
27 17th Annual General Meeting
Disciplinary Committee Meeting
28 Meeting with the SC on PRS

JULY

- 5 UTC Seminar, Kuching
7 UTC Seminar, Kota Kinabalu
Meeting with EPF on currency hedging
14 4th Industry Development Committee Meeting
15 Rules Committee Meeting
26 UTC Seminar, Melaka
Disciplinary Committee Meeting
28 UTC Seminar, Kuala Lumpur



AUGUST

- 3 5th Industry Development Committee Meeting
9 Rules Committee Meeting
18 14th Board of Directors Meeting
23 Disciplinary Committee Meeting

SEPTEMBER

- 7 6th Industry Development Committee Meeting
9 Rules Committee Meeting
27 Disciplinary Committee Meeting

OCTOBER

- 4 7th Industry Development Committee Meeting
7 Meeting with the SC on Marketing and Distribution Framework for PRS industry
10 Meeting with the SC on PRS
25 Disciplinary Committee Meeting
28 Dialogue with the SC on PRS Guidelines

NOVEMBER

- 10 Rules Committee Meeting
14 8th Industry Development Committee Meeting
23 15th Board of Directors Meeting
9th Industry Development Committee Meeting
30 Disciplinary Committee Meeting

DECEMBER

- 7 Rules Committee Meeting
22 Industry Development Committee Meeting



FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Federation for the financial year ended 31 December 2011.

Principal Activities

On 20 January 2011, the Federation was declared as a recognised self regulatory organisation ("SRO") for the unit trust industry under section 323(1) of the Capital Markets & Services Act ("CMSA"). As a SRO, the Federation's principal activity is to conduct its affairs in the best interests of the public and investment management industry while promoting orderly development of the investment management industry. The Federation will encourage and foster among its members conduct, ethics and standards of practice that will best serve, maintain further and protect the interests of investors and the investment management industry. In discharging its obligation, the Federation shall act in the public interest with particular regard to the need for protection of investors.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

Operating surplus for the financial year RM3,809,332

Reserves and Provisions

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

Directors

The Directors who served since the date of the last report are as follows:

	<u>Appointed date</u>	<u>Resigned date</u>
<u>Public Interest Directors:</u>		
Abdul Kadir bin Md Kassim		
Datuk Wira Jahaya bin Mat		
Dr Sieh Lee Mei Ling		
Datuk Meriam binti Hj Ya'acob		
P Vasantha a/p N Punniamoorthy		
Prof. Dr. Saiful Azhar bin Rosly		
Datuk Siti Hadzar binti Mohd Ismail		
Dato' Syed Norulzaman bin Syed Kamarulzaman		
Yap Koi Ming		
<u>Non-Public Interest Directors:</u>		
Ho Seng Yee		
Teng Chee Wai		
Yeoh Kim Hong		
Dato' Ong Chong Gain		
Dato' Idris bin Kechot		
Dato' Mohamad Ayob Abu Hassan		
Danny Wong Teck Meng		
John Campbell Tupling	11.7.2011	
Nor' Azamin Bin Salleh	18.7.2011	
Tunku Dato' Ya'acob bin Tunku Tan Sri Abdullah		6.9.2011
Tan Keah Huat		29.6.2011

Report and Accounts 2011

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DIRECTORS' BENEFITSDirect benefits

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Federation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest and indirect benefit.

In the 17th AGM held on 29 June 2011, the members approved the payment of the following fixed attendance fee to the members of the Board, Council and Committee for the following proceeding, effective 1 January 2011.

Type of proceeding	Attendance fee approved by ordinary members RM
Board	2,000
Committee	1,000
Council (no longer have council after May 2011)	1,000

In the 17th AGM held on 29 June 2011, the members approved the payment of RM3,000 monthly allowance to the Chairman of the Board effective 1 January 2011.

Indirect benefit

During the financial year, an amount of RM196 (2010: RM19,240) is payable for professional services rendered by Raja, Darryl & Loh, Advocates & Solicitors in which a former Director is a partner. This has also been disclosed in Note 16 to the financial statements.

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

Other Statutory Information

- (a) Before the statement of comprehensive income and statement of financial position of the Federation were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; 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) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Federation inadequate to any substantial extent; or
 - (ii) the values attributed to the current assets in the financial statements of the Federation misleading; or
 - (iii) adherence to the existing method of valuation of assets or liabilities of the Federation misleading or inappropriate; or
 - (iv) any amount stated in the financial statements of the Federation misleading.
- (c) No contingent or other liabilities of the Federation have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Federation to meet its obligations as and when they fall due.

- (d) At the date of this report, there does not exist: -
- (i) any charge on the assets of the Federation 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 Federation which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:-
- (i) the results of the operations of the Federation for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Federation for the financial year in which this report is made.


Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.


 ABDUL KADIR BIN MD KASSIM

KUALA LUMPUR
 21 MAR 2012

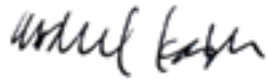

 DATUK SITI HADZAR BINTI MOHD ISMAIL

FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, ABDUL KADIR BIN MD KASSIM and DATUK SITI HADZAR BINTI MOHD ISMAIL, being the Directors of FEDERATION OF INVESTMENT MANAGERS MALAYSIA, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 9 to 32 are drawn up in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Federation as at 31 December 2011 and of the results of its operations and the cash flow of the Federation for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.



ABDUL KADIR BIN MD KASSIM

KUALA LUMPUR
21 MAR. 2012



DATUK SITI HADZAR BINTI MOHD ISMAIL

FEDERATION OF INVESTMENT MANAGERS MALAYSIA
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, TAN BEE CHOO, being the Officer primarily responsible for the financial management of FEDERATION OF INVESTMENT MANAGERS MALAYSIA, do solemnly and sincerely declare that the financial statements set out on pages 9 to 32 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed TAN BEE CHOO at KUALA LUMPUR)
in the Federal Territory this 21 MAR. 2012)



TAN BEE CHOO

Before me,



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FEDERATION OF INVESTMENT MANAGERS MALAYSIA
 (Company No: 272577-P)
 (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Federation of Investment Managers Malaysia, which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flow for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 32.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Federation'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 Federation's internal control. An audit also involves 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 opinion.

INDEPENDENT AUDITORS' REPORT (cont'd)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

The financial statements of the Federation for the financial year ended 31 December 2010 were audited by another firm of auditors, whose report dated 3 June 2011, expressed an unqualified opinion on those statements.

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



MORISON ANUARUL AZIZAN CHEW
 Firm Number: AF 001977
 Chartered Accountants



SATHIEA SEELEAN A/L MANICKAM
 Approved Number: 1729/05/12 (J/PH)
 Partner of Firm

KUALA LUMPUR

21 MAR 2012

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Non-Current Asset			
Property, plant and equipment	3	400,454	490,024
Current Assets			
Other receivables	4	394,618	300,821
Fixed deposits with a financial institution	5	15,084,395	11,733,443
Cash and bank balances		<u>1,631,577</u>	<u>1,029,356</u>
		<u>17,110,590</u>	<u>13,063,620</u>
Current Liabilities			
Other payables	6	1,179,499	1,169,171
Provision for taxation		<u>154,249</u>	<u>138</u>
		<u>1,333,748</u>	<u>1,169,309</u>
Net current assets		<u>15,776,842</u>	<u>11,894,311</u>
		<u>16,177,296</u>	<u>12,384,335</u>
Financed By:			
Accumulated fund		4,822,534	12,281,202
SRO requirement reserve	7	<u>11,268,000</u>	<u>-</u>
		<u>16,090,534</u>	<u>12,281,202</u>
Non-Current Liability			
Deferred tax liability	8	<u>86,762</u>	<u>103,133</u>
		<u>16,177,296</u>	<u>12,384,335</u>

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 RM	2010 RM
Revenue	9	9,878,403	9,053,394
Other income	10	378,273	226,715
Administration expenses	11	(3,626,589)	(3,876,364)
Staff costs	12	<u>(2,450,592)</u>	<u>(2,145,160)</u>
Excess of revenue over expenditure		<u>4,179,495</u>	<u>3,258,585</u>
Taxation	13	<u>(370,163)</u>	<u>(53,622)</u>
Operating surplus and total comprehensive income for the financial year		<u>3,809,332</u>	<u>3,204,963</u>

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

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	← Non-Distributable →		
	Accumulated fund RM	SRO requirement reserve RM	Total RM
At 1 January 2011	12,281,202	-	12,281,202
Transfer to SRO requirement reserve	(11,268,000)	11,268,000	-
Total comprehensive income for the financial year	<u>3,809,332</u>	<u>-</u>	<u>3,809,332</u>
At 31 December 2011	<u>4,822,534</u>	<u>11,268,000</u>	<u>16,090,534</u>
At 1 January 2010	9,076,239	-	9,076,239
Total comprehensive income for the financial year	<u>3,204,963</u>	<u>-</u>	<u>3,204,963</u>
At 31 December 2010	<u>12,281,202</u>	<u>-</u>	<u>12,281,202</u>

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

STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	2011 RM	2010 RM
Cash Flows From Operating Activities		
Excess of revenue over expenditure	4,179,495	3,258,585
Adjustment for:		
Depreciation of property, plant and equipment	175,040	185,497
Property, plant and equipment written off	-	5,974
Gain on disposal of property, plant and equipment	(835)	(190)
Interest income	<u>(355,562)</u>	<u>(219,027)</u>
Excess of operating revenue over expenditure before working capital changes	3,998,138	3,230,839
(Increase)/Decrease in working capital		
Other receivables	(93,797)	(46,098)
Other payables	<u>10,328</u>	<u>171,654</u>
	<u>(83,469)</u>	<u>125,556</u>
Cash generated from operations	3,914,669	3,356,395
Tax paid	<u>(232,423)</u>	<u>(159,554)</u>
Net cash from operating activities	<u>3,682,246</u>	<u>3,196,841</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(85,470)	(75,763)
Proceeds from disposal of property, plant and equipment	835	200
Interest received	<u>355,562</u>	<u>219,027</u>
Net cash from investing activities	<u>270,927</u>	<u>143,464</u>
Net increase in cash and cash equivalents	3,953,173	3,340,305
Cash and cash equivalents at beginning of the financial year	<u>12,762,799</u>	<u>9,422,494</u>
Cash and cash equivalents at end of the financial year	<u>16,715,972</u>	<u>12,762,799</u>
Cash and cash equivalents at end of the financial year comprises:		
Fixed deposits with a financial institution	15,084,395	11,733,443
Cash and bank balances	<u>1,631,577</u>	<u>1,029,356</u>
	<u>16,715,972</u>	<u>12,762,799</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activities of the Federation are to conduct its affairs in the best interest of unit trust holders and the unit trust industry, to encourage and foster amongst its members conduct, ethics and standards of practice that will best serve, maintain further and protect the interests of unit trust holders and the unit trust industry.

The Federation is a company limited by guarantee, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia.

The registered office of the Federation is located at 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur.

The principal place of business is located at 19-07-3, 7th Floor, PNB Damansara, 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Federation have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with Financial Reporting Standards ("FRSs") and the provision of the Companies Act, 1965 in Malaysia.

During the financial year, the following new FRSs, revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective date for financial periods beginning on or after

Amendments to FRS 132: Financial Instruments:	1 March 2010
Presentation:- paragraphs 11,16 and 97E	
FRS 3: Business Combination (Revised)	1 July 2010
FRS 127: Consolidated and Separate Financial Statements (Revised)	
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7	1 January 2011
Disclosures for First-time Adopters	
Amendments to FRS 1: Additional Exemptions for First Time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4: Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"	1 January 2011

The Federation has adopted the above new FRSs, revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations which are relevant to its operations.

The adoption of the above new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations did not have a significant impact on the financial statements of the Federation except as disclosed in Note 15.

To converge with International Financial Reporting Standards ("IFRS") in 2012, the MASB had on 19 November 2011, issued a new MASB approve accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretations 15 Agreements for Construction of Real Estate, including its parent significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional one year. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Federation does not qualify as Transitioning Entities and is therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

MFRSs effective on 1 January 2012

MFRS 1	First time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payments
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for Evaluation of Mineral Resource
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economics
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentation
MFRS 133	Earnings per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Property

NOTES TO THE FINANCIAL STATEMENT (cont'd)

IC Int	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int	2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int	4	Determining whether an Arrangement contains a Lease
IC Int	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int	6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int	7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economics
IC Int	9	Reassessment of Embedded Derivatives
IC Int	10	Interim Financial Reporting and Impairment
IC Int	12	Service Concession Arrangements
IC Int	13	Customer Loyalty Programmes
IC Int	14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int	16	Hedges of a Net Investment in a Foreign Operation
IC Int	17	Distributions of Non-cash Assets to Owners
IC Int	18	Transfers of Assets from Customers
IC Int	19	Extinguishing Financial Liabilities with Equity Instruments
IC Int	107	Introduction of the Euro
IC Int	110	Government Assistance – No Specific Relation to Operation Activities
IC Int	112	Consolidation – Special Purpose Entities
IC Int	113	Controlled Entities – Non-Monetary Contributions by Ventures Jointly
IC Int	115	Operating Leases – Incentives
IC Int	125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int	127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int	129	Concession Arrangements: Disclosures Services
IC Int	131	Revenue – Barter Transactions Involving Advertising Services
IC Int	132	Intangible Assets – Web Site Costs
MFRS	101	Presentation of Financial Statement

Amendments in relation to Presentation of Items of Other Comprehensive Income

MFRSs effective on 1 January 2013

MFRS	9	Financial Instruments (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS	9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS	10	Consolidated Financial Statements
MFRS	11	Joint Arrangements
MFRS	12	Disclosure of Interest in Other Entities
MFRS	13	Fair Value Measurement
MFRS	119	Employee Benefits (International Accounting Standard ("IAS") 9 as amended by IASB in June 2011)
MFRS	127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS	128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int	20	Stripping Costs in the Production Phase of a Surface Mine

NOTES TO THE FINANCIAL STATEMENT (cont'd)

New FRSs effective for financial periods beginning on or after 1 January 2013

FRS	9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
FRS	9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
FRS	10	Consolidated Financial Statements
FRS	11	Joint Arrangements
FRS	12	Disclosure of Interest in Other Entities
FRS	13	Fair Value Measurements

Revised FRSs effective for financial periods beginning on or after 1 January 2013

FRS	119	Employee Benefits (as amended in November 2011)
FRS	124	Related Party Disclosures
FRS	127	Separate Financial Statements (as amended in November 2011)
FRS	128	Investments in Associates and Joint Ventures (as amended in November 2011)

Amendments/Improvements to FRSs

FRS	1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS	101	Presentation of Items of Other Comprehensive Income	1 January 2012
FRS	112	Deferred Tax : Recovery of Underlying Assets	1 January 2012
IC Int	19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int	20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Amendments to IC Int

IC Int	14	Prepayments of Minimum Funding Requirement	1 July 2011
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Withdrawal of FRSs and IC Int

The following FRSs and IC Int will be withdrawn upon the adoption of the new/revised standards as disclosed above

FRSs

FRS	119	Employee Benefits (2007)
FRS	127	Consolidated and Separate Financial Statements (2010)
FRS	128	Investments in Associates (2005)
FRS	131	Interests in Joint Ventures (2005)

IC Int

IC Int	9	Reassessment of Embedded Derivatives (2008)
IC Int	112	Consolidation – Special Purpose Entities (2005)
IC Int	113	Jointly Controlled Entities – Non-Monetary Contributions by Ventures (2005)
IC Int	121	Income Taxes – Recovery of Revalued Non-depreciable Assets (2005)

The Federation's next set of financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRS"). As a result, the Federation will not be adopting the above FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 January 2012.

The Directors of the Federation anticipate that the application of MFRSs will have no material impact on the financial statements of the Federation.

(b) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Federation's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Federation-wide provision for income taxes. The Federation recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(d). These are common life expectancies applied in the industries.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Federation's functional and presentation currency.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

All property, plant and equipment are depreciated on a straight-line basis at rates calculated to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Office equipment	5 years
Furniture and fittings	10 years
Office renovations	3 years
Motor vehicles	5 years

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

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of comprehensive income.

(e) Impairment of non-financial assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. An impairment loss is charged to the statement of comprehensive income immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately.

(f) Financial assets

Financial assets are recognised in the statement of financial position when the Federation have become a party to the contractual provisions of the instruments.

The Federation classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Federation provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

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 statement of comprehensive income.

(g) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statement of comprehensive income.

(h) Financial liabilities

Other payables are classified as financial liabilities in the statement of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Federation designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

- (i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
- (ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
- (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with a financial institution and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Income tax

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

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of assets or liabilities in the statement of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax asset and liability is 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 the tax rates that have been enacted or substantively enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

(k) Revenue recognition

(i) Subscriptions

Annual subscriptions receivable from members are accounted for under the accruals method of accounting.

(ii) Advance billings

Annual subscriptions received over the period of subscriptions for each calendar year are recognised as revenue evenly in the statement of comprehensive income on a monthly basis over the 12 months of each financial year.

(iii) Application and examination fees

Application and examination fees are recognised upon the receipt of application and the holding of examination respectively.

(iv) Interest income

Interest income is recognised as it accrues using the weighted average method in profit or loss.

(l) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Federation.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the statement of financial position date.

(ii) Statutory contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of comprehensive income as incurred.

3. Property, Plant and Equipment

	Office equipment RM	Furniture and fittings RM	Office renovations RM	Motor vehicles RM	Total RM
Cost					
At 1.1.2011	1,774,886	234,825	302,414	160,504	2,472,629
Additions	60,631	3,048	21,791	-	85,470
Disposals	(96)	-	-	(4,693)	(4,789)
At 31.12.2011	1,835,421	237,873	324,205	155,811	2,553,310
Accumulated depreciation					
At 1.1.2011	1,435,922	132,139	261,229	153,315	1,982,605
Charge for the financial period	128,079	17,754	27,694	1,513	175,040
Disposals	(96)	-	-	(4,693)	(4,789)
At 31.12.2011	1,563,905	149,893	288,923	150,135	2,152,856
Carrying amount					
At 31.12.2011	271,516	87,980	35,282	5,676	400,454
Cost					
At 1.1.2010	1,864,523	228,409	356,263	152,937	2,602,132
Additions	51,835	15,056	1,305	7,567	75,763
Disposals	(41,003)	-	-	-	(41,003)
Write-off	(100,469)	(8,640)	(55,154)	-	(164,263)
At 31.12.2010	1,774,886	234,825	302,414	160,504	2,472,629
Accumulated depreciation					
At 1.1.2010	1,429,629	119,083	294,741	152,937	1,996,390
Charge for the financial year	145,430	18,048	21,641	378	185,497
Disposals	(40,993)	-	-	-	(40,993)
Write-off	(98,144)	(4,992)	(55,153)	-	(158,289)
At 31.12.2010	1,435,922	132,139	261,229	153,315	1,982,605
Carrying amount					
At 31.12.2010	338,964	102,686	41,185	7,189	490,024

NOTES TO THE FINANCIAL STATEMENT (cont'd)

4. Other Receivables

	2011 RM	2010 RM
Other receivables	55,098	39,659
Deposits	186,869	148,614
Prepayments	<u>152,651</u>	<u>112,548</u>
	<u>394,618</u>	<u>300,821</u>

5. Fixed Deposits with a Financial Institution

The fixed deposits interest range from 2.55% to 3.25% (2010: 1.90% to 2.75%) per annum.

6. Other Payables

	2011 RM	2010 RM
Other payables	372	170,097
Accruals		
- Staff bonus and benefit	229,780	388,492
- Directors' attendance fees	362,000	105,750
- Others	254,821	172,129
Advance billings	<u>332,526</u>	<u>332,703</u>
	<u>1,179,499</u>	<u>1,169,171</u>

7. SRO Requirement Reserve

On 20 January 2011, the Federation was declared as a recognised Self Regulatory Organisation ("SRO") for the unit trust industry under Section 323(1) of the Capital Markets & Services Act 2007 ("CMSA").

To ensure there is sufficient financial resources to fund its operations and in reference to Article 15(A)(1) of the Federation's Articles of Association, the Federation is required to maintain a SRO Requirement Reserve which fulfills the following criteria:

- (i) Pegged at a 3-year multiple of operating expenditure (inclusive of anticipated capital expenditure) based on its first year of establishment; and
- (ii) For subsequent years, the reserve should factor an annual increase of 5%.

Any refund of subscription fees to its members may only commence when the targeted SRO Requirement Reserve amount has been achieved and after consultation with the Securities Commission.

8. Deferred Tax Liability

	2011 RM	2010 RM
Accelerated capital allowances:		
At 1 January	103,133	108,264
Under provision in prior year	6,479	5,420
Recognised in statement of comprehensive income	<u>(22,850)</u>	<u>(10,551)</u>
At 31 December	<u>86,762</u>	<u>103,133</u>

NOTES TO THE FINANCIAL STATEMENT (cont'd)

9. Revenue

Revenue represents application and annual subscription fees from members, Institutional Unit Trust Advisers and Corporate Unit Trust Advisers, and Unit Trust Consultants' examination fees received or receivables.

10. Other Income

	2011 RM	2010 RM
Conference fees received	19,300	1,400
Gain on disposal of property, plant and equipment	835	190
Interest income	355,562	219,027
Sundry income	<u>2,576</u>	<u>6,098</u>
	<u>378,273</u>	<u>226,715</u>

11. Administration Expenses

Administration expenses consist of:

	Note	2011 RM	2010 RM
Auditors' remuneration			
- external audit		18,000	20,000
- internal audit		54,000	18,000
- SRO readiness audit		-	55,000
Depreciation of property, plant and equipment		175,040	185,497
Key management personnel compensation	14	654,200	389,750
Other project expenses		25,982	59,080
Property, plant and equipment written off		-	5,974
Rental of premises		328,097	316,197
UTC seminar expenses		397,817	464,203
Unit trust examination expenses		<u>1,535,424</u>	<u>1,283,170</u>

12. Staff Costs

	2011 RM	2010 RM
Staff costs (excluding Directors)	<u>2,450,592</u>	<u>2,145,160</u>

Included in staff costs (excluding Directors) are contributions made to the Employees Provident Fund under a statutory contribution plan for the Federation amounting to RM243,944 (2010: RM219,001).

13. Taxation

	2011 RM	2010 RM
Estimated income tax payable		
- Current year	399,380	272,826
- Over provision in prior year	(12,846)	(214,073)
	<u>386,534</u>	<u>58,753</u>
Deferred Tax:		
- Relating to origination and reversal of temporary difference	(22,850)	(10,551)
- Under provision in prior year	6,479	5,420
	<u>(16,371)</u>	<u>(5,131)</u>
Tax expense for the financial year	<u>370,163</u>	<u>53,622</u>

Income tax is calculated at the statutory tax rate of 26% (2010: 26%) of the estimated assessable operating surplus and total comprehensive income for the year.

A reconciliation of income tax expense applicable to excess of revenue over expenditure at the statutory income tax rate to income tax expense at the effective income tax rate of the Federation is as follows:

	2011 RM	2010 RM
Excess of revenue over expenditure	<u>4,179,495</u>	<u>3,258,585</u>
Tax at applicable tax rate of 26% (2010: 26%)*	1,086,669	847,232
Expenses not deductible for tax purposes	67,278	64,432
Tax exempt income	(765,742)	(637,714)
Over provision of current taxation in prior year	(12,846)	(214,073)
Under provision of deferred taxation in prior year	6,479	5,420
Effect of differential tax rates	<u>(11,675)</u>	<u>(11,675)</u>
Tax expense for the financial year	<u>370,163</u>	<u>53,622</u>

* The Federation is treated as a 'Trade Association' under Section 53(3) of the Income Tax Act 1967, under which its income is taxed at scale rates. The effect of differential tax rates above is a result of the disparity between statutory tax rate of 26% (2010: 26%) and the scale rates applicable to the Federation.

14. Key Management Personnel Compensation

	2011 RM	2010 RM
Directors		
-Attendance fees	362,000	105,750
Other key management personnel		
-Short term employee benefits	<u>292,200</u>	<u>284,000</u>
	<u>654,200</u>	<u>389,750</u>

Key management personnel comprise persons other than the Directors of the Federation, who have authority and responsibility for planning, directing and controlling the activities of the Federation either directly or indirectly.

The estimated monetary value of Directors' benefit-in-kind is RM4,300 (2010: RM11,045).

15. Effects on Financial Statements on Adoption of New and Revised FRS

The effects on adoption of the following new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations which are relevant to the operations of the Federation during the current financial year are set out below:-

Amendments to FRS 7: "Financial Instruments: Disclosures" and FRS 1 "First-time Adoption of Financial Reporting Standards"

The Amendments require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurement by level of a fair value measurement hierarchy.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Federation.

Amendments to FRS 101: Presentation of Financial Statements

The Amendments clarify that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Federation.

16. Significant Related Party Transaction

In addition to the transactions detailed elsewhere in the financial statements, the Federation had the following transactions with related parties during the financial year:

	2011 RM	2010 RM
Amount paid/payable for professional services		
- rendered by Raja, Darryl & Loh, Advocates & Solicitors in which a former Director is a partner	<u>196</u>	<u>19,240</u>

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

17. Financial Instruments

(a) Financial risk management objectives and policies
The Federation's financial risk management policy is to ensure that adequate financial resources are available for the development of the Federation's operations whilst managing its financial risks, including interest rate risk, credit risk, liquidity and cash flow risk.

(b) Interest rate risk
The Federation's income and operating cash flows are substantially independent of changes in market interest rates. Excess funds which are placed in short term fixed deposits based on the prevailing rates are not significantly exposed to interest rate risk as they are stated at amortised costs.

Exposure to interest rate risk

The interest rate profile of the Federation's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	2011 RM	2010 RM
Fixed rate instruments		
Financial asset:-		
Fixed deposits with a financial institution	<u>15,084,395</u>	<u>11,733,443</u>

(c) Credit risk

The Federation's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Federation is the carrying amount of the financial assets shown in the statement of financial position.

(d) Liquidity and cash flow risk

The Federation's exposure to liquidity risk arises principally from its other payables.

The Federation also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Federation's financial liability as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM	On demand or within one year RM
Financial liability:		
Other payables	<u>1,179,499</u>	<u>1,179,499</u>

(e) Fair values

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

18. Capital Management

The Federation is not subject to externally imposed capital requirement as it does not have any external borrowings.

19. Comparative Figures

Certain comparative figures have been reclassified where necessary to conform with the current year's presentation as follows:

	As previously stated RM	Reclassifications RM	As restated RM
Statement of comprehensive income			
Other income	226,525	190	226,715
Administration expenses	<u>(3,876,174)</u>	<u>(190)</u>	<u>(3,876,364)</u>

The financial statements of the previous financial year which are presented for comparative purpose were examined and reported on by another firm of auditors.

20. Date of Authorisation for Issue

The financial statements of the Federation for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 21 March 2012.

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	2011 RM	2010 RM
Revenue		
Members' subscription	5,488,921	5,415,830
Members' application fees	-	5,000
Examination fees	3,498,268	2,719,022
Institutional Unit Trust Advisers (IUTAs)		
- application fees	3,750	1,250
- annual fees	878,505	885,499
Income from Corporate Unit Trust Advisers (CUTAs)	8,959	26,793
	9,878,403	9,053,394
Other income		
Interest income	355,562	219,027
Books/Materials sales	67	109
Conference income	19,300	1,400
Sundry income	2,509	5,989
Gain on disposal of property, plant and equipment	835	190
	378,273	226,715
Less: Administration expenses		
Advertisement	(12,152)	(58,103)
AGM expenses	(40,008)	(32,146)
Attendance fees	(362,000)	(105,750)
Auditors' remuneration		
- external audit	(18,000)	(20,000)
- internal audit	(54,000)	(18,000)
- SRO readiness audit	-	(55,000)
Bank charges	(2,852)	(3,820)
Bankruptcy search on UTCs	(10,743)	(35,102)
Computer program	(158,079)	(138,063)
Council and committee events	(9,392)	(61,786)
Courier and postage	(3,147)	(2,231)
Depreciation	(175,040)	(185,497)
Entertainment	(2,248)	(11,687)
Examination expenses	(1,535,424)	(1,283,170)
Filing and stamping fees	(3,800)	(2,864)
Fund expenses	(22,624)	(23,670)
Handphone claims	(7,341)	(4,461)
Insurance	(4,325)	(4,008)

This statement does not form part of the audited financial statements and is for management purpose only.

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONT'D)

	2011 RM	2010 RM
Library books	(1,146)	(910)
Literacy program (EPF)	(521)	-
Magazines and periodicals	(9,372)	(3,723)
Other project expenses	(25,982)	(59,080)
Property, plant and equipment written off	-	(5,974)
Printing and stationery	(32,342)	(35,024)
Professional fees	(20,475)	(45,447)
Promotion - Billboard/Media advertisements	(37,650)	(235,538)
Rental	(328,097)	(316,197)
Secretarial fees	(1,200)	(1,200)
Service tax	(13,217)	-
Study tour/conference	(52,663)	(197,130)
Sundry expenses	(9,601)	(10,344)
Telephone and faxes	(57,620)	(59,957)
Travelling and accommodation	(44,823)	(40,737)
UTCs expenses	(123,695)	(296,861)
UTCs seminar expenses	(397,817)	(464,203)
Upkeep of office	(16,457)	(21,330)
Upkeep of office equipment	(1,759)	(11,682)
Water and electricity	(30,977)	(25,669)
	(3,626,589)	(3,876,364)
Staff costs	(2,450,592)	(2,145,160)
Excess of revenue over expenditure	4,179,495	3,258,585
Taxation	(370,163)	(53,622)
Operating surplus and total comprehensive income for the year	3,809,332	3,204,963

This statement does not form part of the audited financial statements and is for management purpose only.

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PROXY FORM

I, _____
(FULL NAME IN BLOCK LETTERS)
of _____
being the Authorised Representative of the Ordinary Member (being a member of FIMM) HEREBY APPOINT the ***Chairman of the Meeting** or _____
of _____
as my proxy to vote for me and on my behalf at the 18th Annual General Meeting of FIMM to be held on the Thursday, 21st June 2012 at 10.00 a.m. and at any adjournment thereof.

- *Note:*
- If you wish to appoint any person other than the Chairman of the Meeting as proxy, please insert the full name of the proxy (in block letters) in the space provided and delete the words “the Chairman of the Meeting.”*
 - Please indicate with an “x” in the spaces provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.*

Resolutions	For	Against
Ordinary Resolution To receive and discuss the signed Minutes of the Seventeenth Annual General Meeting held on 29 June 2011.		
Ordinary Resolution To receive the Chairman’s Report.		
Ordinary Resolution To receive and consider the audited financial statements and the reports of the Board of FIMM for the financial year ended 31 December 2011.		
Ordinary Resolution To re-appoint En Abdul Kadir Bin Md Kassim retiring pursuant to Section 129 of the Companies Act 1965 as a Board Director of FIMM to hold office until the conclusion of the next annual general meeting.		
Ordinary Resolution To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of FIMM and authorise the Board to fix their remuneration.		
Ordinary Resolution To note the total attendance fee of RM326,000.00 paid to members of the Board, councils and committees for meeting attendances in the year 2011, the total annual allowance of RM6,000.00 paid to the President from January to February 2011 and the total annual allowance of RM30,000.00 paid to the Chairman from March to December 2011.		
Special Business: To consider and if thought fit to pass the following Special Resolutions: <u>PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION</u> <div><div>i. THAT subject to FIMM obtaining the relevant approvals and consents from the Securities Commission, the Minister charged with the responsibility for companies, and other relevant authorities, if any, the deletions, alterations, modifications, variations and/or additions to the Memorandum of Association of FIMM as set out under APPENDIX A be and are hereby approved.</div><div>ii. THAT the Board be authorised and empowered to carry out all the necessary formalities in effecting the aforesaid amendments and FURTHER THAT the Board be authorized and empowered to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the Securities Commission, the Minister charged with the responsibility for companies and/or companies and /or other relevant authorities.</div></div> <u>PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</u> <div><div>i. THAT subject to FIMM obtaining the relevant approvals and consents from the Securities Commission, the Minister charged with the responsibility for companies, and other relevant authorities, if any, the deletions, alterations, modifications, variations and/or additions to the Articles of Association of FIMM as set out under APPENDIX B be and are hereby approved.</div><div>ii. THAT the Board be authorised and empowered to carry out all the necessary formalities in effecting the aforesaid amendments and FURTHER THAT the Board be authorized and empowered to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by the Securities Commission, the Minister charged with the responsibility for companies and/or companies and /or other relevant authorities.</div></div>		

Signed on this _____ day of _____ 2011.

Signature

NOTE:
A member of FIMM entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of FIMM. The Proxy Form must be deposited with the Secretary at the Registered Office of the Company at RDL Corporate Services Sdn Bhd, 18th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur (Tel. No. 03-2694 9999 Fax No. 03-2692 7942) not later than 10.00 am on Tuesday, 19 June 2012.

FIRST FOLD



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SECOND FOLD



FEDERATION OF INVESTMENT MANAGERS MALAYSIA (272577-P)

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