

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

Condensed Consolidated Financial Statements
For the Three Month Period Ended 31 December 2005

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND TWELVE MONTH PERIOD ENDED 31 DECEMBER 2005

	Note	3 months ended		12 months ended	
		31.12.2005 RM'000 audited	31.12.2004 RM'000 audited	31.12.2005 RM'000 audited	31.12.2004 RM'000 audited
Operating revenue	8	44,720	51,069	193,075	218,386
Other income	9	12,684	16,000	64,554	68,168
		57,404	67,069	257,629	286,554
Staff costs		(13,738)	(19,491)	(66,796)	(96,658)
Voluntary Separation Scheme ("VSS") cost		-	(14)	-	(37,332)
Depreciation		(3,512)	(4,734)	(13,263)	(16,161)
Other operating expenses	10	(17,543)	(19,010)	(59,650)	(72,767)
Profit from operations		22,611	23,820	117,920	63,636
Finance costs		(127)	(42)	(333)	(154)
Profit before taxation		22,484	23,778	117,587	63,482
Taxation	21	(5,514)	(3,965)	(32,311)	(25,190)
Profit after taxation		16,970	19,813	85,276	38,292
Minority interests		(907)	(639)	(3,937)	(3,217)
Net profit for the period/year		16,063	19,174	81,339	35,075
Earnings per share (sen)					
Basic	30 (a)	3.1	3.8	16.8	7.0
Diluted	30 (b)	3.1		16.4	

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	As at 31.12.2005 RM'000 audited	As at 31.12.2004 RM'000 audited
NON-CURRENT ASSETS			
Property, plant and equipment		363,549	356,152
Other investments		92,197	248,434
Staff loans receivable		28,713	30,972
Goodwill		44,720	47,661
Deferred tax assets		1,219	865
		<u>530,398</u>	<u>684,084</u>
CURRENT ASSETS			
Trade receivables		27,671	24,315
Other receivables		27,669	41,910
Tax recoverable		16,952	19,095
Short term investments		181,132	280,939
Short term deposits		407,287	707,344
Cash and bank balances		6,337	7,433
		<u>667,048</u>	<u>1,081,036</u>
CURRENT LIABILITIES			
Trade payables		150,121	124,253
Other payables		67,386	90,330
Tax payable		5,144	4,207
Short term borrowings	25	220	220
		<u>222,871</u>	<u>219,010</u>
NET CURRENT ASSETS			
		<u>444,177</u>	<u>862,026</u>
		<u>974,575</u>	<u>1,546,110</u>
FINANCED BY:			
Share capital		256,530	250,000
Retained profits		572,817	1,195,158
Share premium		50,717	12,400
Capital redemption reserve		3,000	2,750
Foreign exchange reserve		(13)	(13)
		<u>883,051</u>	<u>1,460,295</u>
Minority interest		21,432	17,855
		<u>904,483</u>	<u>1,478,150</u>
Retirement benefit obligations		17,738	15,334
Deferred income		2,831	2,831
Long term borrowings	25	659	879
Long term liability	26	46,720	47,259
Deferred tax liabilities		2,144	1,657
		<u>70,092</u>	<u>67,960</u>
		<u>974,575</u>	<u>1,546,110</u>
Net tangible assets per share (RM)		<u>1.6</u>	<u>2.8</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2005

	← Non-distributable →			→ Distributable			
	Membership fees RM'000	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2004	80,966	-	12,400	2,750	(5)	1,329,117	1,425,228
Issuance of ordinary shares	(80,966)	250,000	-	-	-	(169,034)	-
Currency translation differences	-	-	-	-	(8)	-	(8)
Net profit for the period	-	-	-	-	-	35,075	35,075
At 31 December 2004	-	250,000	12,400	2,750	(13)	1,195,158	1,460,295
Bonus issue	-	1,083,000	(416,000)	-	-	(667,000)	-
Capital reduction	-	(1,166,000)	-	-	-	-	(1,166,000)
Dividends paid	-	-	-	-	-	(36,430)	(36,430)
Issuance of ordinary shares:							
Pursuant to Initial Public Offering ("IPO")	-	83,000	438,448	-	-	-	521,448
Pursuant to the Employees' Share Option Scheme ("ESOS")	-	6,530	32,639	-	-	-	39,169
Issuance of preference shares by a subsidiary	-	-	200	-	-	-	200
Share issuance expenses	-	-	(16,970)	-	-	-	(16,970)
Transfer to capital redemption reserve	-	-	-	250	-	(250)	-
Net profit for the year	-	-	-	-	-	81,339	81,339
At 31 December 2005	-	256,530	50,717	3,000	(13)	572,817	883,051

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2005

	12 months ended	
	31.12.2005	31.12.2004
	RM'000	RM'000
	audited	audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	117,587	63,482
Adjustment for:		
Amortisation of goodwill	2,941	2,941
Amortisation of premium less accretion of discount	409	146
Depreciation	13,263	16,161
Net gain on disposal of subsidiaries	-	(4,249)
Impairment of property, plant and equipment	162	5,512
Interest expense	15	28
Interest income	(45,717)	(54,140)
Net provision for bad and doubtful debts	912	1,751
Net gain on disposal of investments	(12,522)	(3,641)
Net gain on disposal of property, plant and equipment	(2,092)	(1,579)
Property, plant and equipment written off	4	115
Pension costs - defined benefit plan	2,756	6,396
Provision for/(reversal of) short term accumulating compensated unutilised leave	394	(201)
Reversal of write down of short term investments	-	(2,984)
Waiver of loans	-	221
Operating profit before working capital changes	78,112	29,959
(Increase)/decrease in receivables	(3,662)	3,438
Increase/(decrease) in payables	33,606	(16,934)
Cash generated from operations	108,056	16,463
Retirement benefits paid	(15,985)	(366)
Interest paid	(15)	(28)
Taxes paid net of refund	(29,088)	(33,869)
Net cash generated from/(used in) operating activities	62,968	(17,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	54,314	55,422
Net cash inflow from disposal of subsidiaries	-	5,434
Proceeds from disposal of property, plant and equipment	5,910	1,852
Purchase of property, plant and equipment	(24,644)	(67,602)
Proceeds from disposal/(purchase) of unquoted bonds and Malaysian Government Securities, net	265,734	(67,241)
Repayment/(disbursement) of staff loans, net	7,617	(2,937)
Net cash generated from/(used in) investing activities	308,931	(75,072)

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2005

	12 months ended	
	31.12.2005	31.12.2004
	RM'000	RM'000
	audited	audited
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment (Note (a))	(1,117,229)	-
Dividends paid	(36,430)	-
Dividends paid to minority shareholders	(360)	-
Share issuance expenses	(16,815)	-
Proceeds from exercise of ESOS	39,169	-
Proceeds from subscription of IPO (Note (b))	472,677	-
Preference shares issued	200	-
Repayment of loan from Securities Commission	(13,505)	-
Repayment of long term borrowings and liability	(759)	(759)
Net cash used in financing activities	<u>(673,052)</u>	<u>(759)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(301,153)	(93,631)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	714,777	808,408
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>413,624</u>	<u>714,777</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	6,337	7,433
Short term deposits (Note (c))	407,287	707,344
	<u>413,624</u>	<u>714,777</u>

- (a) The capital repayment to shareholders was net of IPO proceeds for shares subscribed by eligible remisers amounting to RM48,771,000.
- (b) IPO proceeds for shares subscribed by eligible remisers amounting to RM48,771,000 was directly offset against the Shareholders' Scheme Account.
- (c) Included in short term deposits as at 31 December 2005 are cash deposits of RM146,643,000 (31 December 2004: RM123,756,000 million) collected by Bursa Malaysia Derivatives Clearing Bhd., a wholly owned subsidiary, from clearing participants.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

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1. BASIS OF PREPARATION

The interim financial statements are audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2004.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2004 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not affected by any seasonal or cyclical factors but is affected by the level of activities in the securities market.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date, except for the completion of the listing of and quotation for the entire issued and paid up share capital of the Company on the Main Board of Bursa Securities and the capital repayments as disclosed in Note 6.

5. CHANGES IN ESTIMATES

There were no changes in estimates that have had material effect in the current quarter and financial year-to-date results.

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6. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

i) Scheme of Arrangement ("the Scheme")

On 27 January 2005, the Company completed the Scheme between the Company and its shareholders which was sanctioned by the High Court of Malaya on 14 January 2005. The Scheme, which was an integral part of the Company's IPO, comprised the following:

- A bonus issue of 1,334,000 new ordinary shares of RM0.50 each in the Company ("Shares") by way of capitalisation of retained profits of RM667,000,000 on the basis of 2,668 new Shares for every 1,000 Shares;
- A capital reduction exercise under Section 64 of the Companies Act, 1965 whereby RM750,000,000 of the share capital was cancelled, representing approximately RM0.41 of the par value of each Share ("Capital Reduction");
- A share consolidation exercise whereby 1,834,000,000 ordinary shares of approximately RM0.09 par value each after the Capital Reduction were consolidated into 334,000,000 Shares; and
- The creation of Shareholders' Scheme Account into which the credit of RM750,000,000 from the Capital Reduction was transferred. The capital repayment to eligible shareholders of RM701,229,000, being net of IPO proceeds for shares subscribed by eligible remisers amounting to RM48,771,000, was effected on 1 April 2005.

ii) IPO

On 11 March 2005, the Company issued 166,000,000 Shares pursuant to the IPO exercise at issue prices of RM3.20 and RM3.00 per share for the institutional and retail offerings respectively.

The entire issued and paid up share capital of the Company comprising 500,000,000 Shares was listed on the Main Board of Bursa Securities on 18 March 2005.

iii) Capital Repayment

During the current quarter, the Company completed a RM416,000,000 capital distribution exercise which was approved by the shareholders at an Extraordinary General Meeting held on 5 October 2005. On 16 December 2005, the Company effected a bonus issue of 832,000,000 Shares which were capitalised from the share premium account of the Company. The new Shares were immediately cancelled as approved by the High Court pursuant to Section 64 of the Companies Act, 1965 and the cash distribution to shareholders amounting to RM416,000,000 was made on 29 December 2005.

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6. DEBT AND EQUITY SECURITIES (CONTD.)

iii) ESOS

During the financial year ended 31 December 2005, the Company issued 13,060,000 new Shares pursuant to the exercise of ESOS at the following option prices:

No of Shares Issued '000	Exercise Price RM
13,000	3.00
17	3.72
43	2.46
<u>13,060</u>	

7. DIVIDENDS PAID

During the financial year ended 31 December 2005, an interim dividend of 10 sen less 28 per cent tax on 505,982,000 ordinary shares in issue in respect of the same financial year, amounting to RM36,430,000 was paid on 29 August 2005.

8. OPERATING REVENUE

	3 months ended 31.12.2005 RM'000	3 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	12 months ended 31.12.2004 RM'000
Clearing fees - equity	16,920	22,533	76,446	97,328
Clearing fees - derivatives	963	975	3,961	4,171
SCORE fees (equity trade fees)	1,786	2,589	8,866	10,834
Derivatives trade fees	3,690	3,624	14,946	15,570
Institutional Settlement Service fees	1,751	1,670	6,890	7,226
Buying-in commissions	186	172	627	740
Guarantee/tender fees	324	282	1,299	1,250
Trading revenue	<u>25,620</u>	<u>31,845</u>	<u>113,035</u>	<u>137,119</u>
Depository services	6,693	6,566	27,297	27,605
Information services	4,725	3,249	18,438	12,922
Broker services	3,864	3,602	14,807	13,905
Listing fees	2,986	3,131	12,555	13,141
Participants' subscriptions	808	562	3,206	3,023
Stable revenue	<u>19,076</u>	<u>17,110</u>	<u>76,303</u>	<u>70,596</u>
Other income derived from operations of the Group	24	2,114	3,737	10,671
	<u>44,720</u>	<u>51,069</u>	<u>193,075</u>	<u>218,386</u>

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9. OTHER INCOME

	3 months ended 31.12.2005 RM'000	3 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	12 months ended 31.12.2004 RM'000
Conference fee and exhibition related income	-	-	1,861	3,175
Interest income	9,858	13,526	45,717	54,140
Net gain on disposal of investments	2,063	1,979	12,522	3,641
Net gain on disposal of subsidiaries	-	-	-	4,249
Gain on disposal of property, plant and equipment	-	47	2,092	1,617
Others	763	448	2,362	1,346
	<u>12,684</u>	<u>16,000</u>	<u>64,554</u>	<u>68,168</u>

10. OTHER OPERATING EXPENSES

	3 months ended 31.12.2005 RM'000	3 months ended 31.12.2004 RM'000	12 months ended 31.12.2005 RM'000	12 months ended 31.12.2004 RM'000
IT upkeep and maintenance	4,449	3,681	15,603	16,727
Building maintenance costs	2,088	2,600	8,379	10,380
Others	11,006	12,729	35,668	45,660
	<u>17,543</u>	<u>19,010</u>	<u>59,650</u>	<u>72,767</u>

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11. SEGMENTAL INFORMATION

The segmental information is provided in two formats, one based on business segments and the other is based on market segments.

(a) Business Segments

The four major business segments of the Group are as follows:

- (i) The exchange business mainly comprises of the provision and operation of the securities, derivatives and offshore exchanges.
- (ii) The clearing, settlement and depository business involves the provision, operation and maintenance of clearing houses for securities and derivatives exchanges and central depository for securities listed on the securities exchange.
- (iii) The information business relates to the provision and dissemination of information relating to securities quoted on exchanges within the Group.
- (iv) The exchange holding business refers to the operation of the Company which functions as an investment holding company.

An analysis of the Group's current quarter and financial year-to-date results and assets and liabilities as at 31 December 2005 by business segments is as follows:

	Clearing, settlement and Information		Exchange	Others	Elimination	Consolidated
	Exchanges	depository	services	holding		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

CURRENT QUARTER RESULTS

Segment revenue						
External revenue	22,314	17,599	4,725	82	-	44,720
Inter-segment revenue	56	9	246	86,498	(86,809)	-
Total operating revenue	22,370	17,608	4,971	86,580	(86,809)	44,720
Other income	995	3,760	55	7,795	-	12,684
	23,365	21,368	5,026	94,375	(86,809)	57,404

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11. SEGMENTAL INFORMATION (CONTD.)

	Exchanges RM'000	Clearing, settlement and depository RM'000	Information services RM'000	Exchange holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
CURRENT QUARTER RESULTS (CONTD.)							
Segment operating expenses	(15,912)	(12,383)	(2,799)	(31,251)	(36)	30,234	(32,147)
Segment results	7,453	8,985	2,227	63,124	43		25,257
Unallocated corporate expenses							(2,646)
Consolidated profit from operations							<u>22,611</u>
FINANCIAL YEAR-TO-DATE RESULTS							
Segment revenue							
External revenue	99,526	74,962	18,446	141	-		193,075
Inter-segment revenue	222	45	1,002	238,312	-	(239,581)	-
Total operating revenue	99,748	75,007	19,448	238,453	-	(239,581)	193,075
Other income	4,439	22,563	1,172	36,109	271		64,554
	<u>104,187</u>	<u>97,570</u>	<u>20,620</u>	<u>274,562</u>	<u>271</u>	<u>(239,581)</u>	<u>257,629</u>
Segment operating expenses	(62,877)	(48,839)	(9,298)	(114,091)	(47)	101,840	(133,312)
Segment results	41,310	48,731	11,322	160,471	224		124,317
Unallocated corporate expenses							(6,397)
Consolidated profit from operations							<u>117,920</u>

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11. SEGMENTAL INFORMATION (CONTD.)

	Exchanges	Clearing, settlement and depository	Information services	Exchange holding	Others	Elimination	As at 31.12.2005 Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FINANCIAL YEAR-TO-DATE RESULTS (CONTD.)							
ASSETS AND LIABILITIES							
Segment assets							
Assets	126,702	374,373	6,177	657,040	3,006		1,167,298
Unallocated corporate assets							30,148
Consolidated total assets							<u>1,197,446</u>
Segment liabilities							
Liabilities	7,567	159,240	2,278	116,583	8		285,676
Unallocated corporate liabilities							7,287
Consolidated total liabilities							<u>292,963</u>

Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the business segments are presented under unallocated expenses, assets and liabilities, respectively.

(b) Market Segments

The five major market segments of the Group are as follows:

- (i) The cash market mainly comprises of the provision and operation of the listing, trading, clearing and depository services for the securities market.
- (ii) The derivatives market mainly comprises of the provision and operation of the trading, clearing and depository services for the derivatives market.
- (iii) The offshore market mainly comprises of the provision and operation of the listing and trading function for the offshore market.
- (iv) The information services relates to the provision and dissemination of information relating to securities quoted on exchanges within the Group.
- (v) The exchange holding business refers to the operation of the Company which functions as an investment holding company.

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11. SEGMENTAL INFORMATION (CONTD.)

An analysis of the Group's current quarter and financial year-to-date results and assets and liabilities as at 31 December 2005 by market segments is as follows:

	Cash Market RM'000	Derivatives Market RM'000	Offshore Market RM'000	Information Services RM'000	Exchange Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
CURRENT QUARTER RESULTS								
Segment revenue								
External revenue	34,828	5,027	58	4,725	82	-	-	44,720
Inter-segment revenue	65	-	-	246	86,498	-	(86,809)	-
Total operating revenue	34,893	5,027	58	4,971	86,580	-	(86,809)	44,720
Other income	3,594	1,098	63	55	7,795	79	-	12,684
	<u>38,487</u>	<u>6,125</u>	<u>121</u>	<u>5,026</u>	<u>94,375</u>	<u>79</u>	<u>(86,809)</u>	<u>57,404</u>
Segment operating expenses	<u>(24,347)</u>	<u>(3,650)</u>	<u>(298)</u>	<u>(2,799)</u>	<u>(31,251)</u>	<u>(36)</u>	<u>30,234</u>	<u>(32,147)</u>
Segment results	14,140	2,475	(177)	2,227	63,124	43		25,257
Unallocated corporate expenses								<u>(2,646)</u>
Consolidated profit from operations								<u>22,611</u>
FINANCIAL YEAR-TO-DATE RESULTS								
Segment revenue								
External revenue	153,416	20,808	264	18,446	141	-	-	193,075
Inter-segment revenue	267	-	-	1,002	238,312	-	(239,581)	-
Total operating revenue	153,683	20,808	264	19,448	238,453	-	(239,581)	193,075
Other income	21,227	5,559	216	1,172	36,109	271	-	64,554
	<u>174,910</u>	<u>26,367</u>	<u>480</u>	<u>20,620</u>	<u>274,562</u>	<u>271</u>	<u>(239,581)</u>	<u>257,629</u>
Segment operating expenses	<u>(93,915)</u>	<u>(16,673)</u>	<u>(1,128)</u>	<u>(9,298)</u>	<u>(114,091)</u>	<u>(47)</u>	<u>101,840</u>	<u>(133,312)</u>
Segment results	80,995	9,694	(648)	11,322	160,471	224		124,317
Unallocated corporate expenses								<u>(6,397)</u>
Consolidated profit from operations								<u>117,920</u>

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11. SEGMENTAL INFORMATION (CONTD.)

	Cash	Derivatives	Offshore	Information	Exchange	Others	Elimination	As at 31.12.2005 Consolidated
	Market	Market	Market	Services	Holding	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FINANCIAL YEAR-TO-DATE								
RESULTS (CONTD.)								
ASSETS AND LIABILITIES								
Segment assets								
Assets	282,017	211,287	7,771	6,177	657,040	3,006		1,167,298
Unallocated corporate assets								<u>30,148</u>
Consolidated total assets								<u>1,197,446</u>
Segment liabilities								
Liabilities	12,037	154,455	315	2,278	116,583	8		285,676
Unallocated corporate liabilities								<u>7,287</u>
Consolidated total liabilities								<u>292,963</u>

Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the market segments are presented under unallocated expenses, assets and liabilities, respectively.

12. CARRYING AMOUNT OF REVALUED ASSETS

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter except as disclosed in Note 24.

14. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

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15. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2004 except for the claim made against the Company by a local telecommunications company for leased line charges omitted from billings since 1994, which have been verified and agreed by both parties at an amount of RM1,600,000. A portion of this amount had been paid to the telecommunication company whilst the balance was accrued as payable in the financial statements of the Company and the corresponding billings have been issued to the participating organisations and other related parties during the financial year.

16. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim condensed financial statements as at 31 December 2005 were as follows:

	As at 31.12.2005 RM'000
Approved and contracted for:	
Computer and office automation:	
Trading system	18,798
Other information technology systems	12,235
	<u>31,033</u>
Approved but not contracted for:	
Computer and office automation:	
Trading system	1,184
Other information technology systems	9,841
	<u>11,025</u>

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17. PERFORMANCE REVIEW

The Group recorded profit before tax of RM117,587,000 for the financial year ended 31 December 2005 compared to RM63,482,000 for the financial year ended 31 December 2004.

Operating revenue decreased by 11.6 per cent to RM193,075,000 for the financial year 2005 from RM218,386,000 for financial year 2004 mainly due to lower trading revenue.

Trading revenue comprised mainly of clearing fee, SCORE fee, derivatives trade fee, ISS fee, guarantee and tender fee and buying-in commission. Trading revenue from both equity and derivatives market declined by 17.6 per cent to RM113,035,000 for financial year 2005 from RM137,119,000 in financial year 2004 mainly due to lower market turnover on the equity and derivatives market. Total trading value (on market and direct business) transacted on Bursa Securities declined by 17.5 per cent to RM201.1 billion during financial year 2005 from RM243.8 billion during the previous financial year 2004. As a result, total clearing and SCORE fees from equity trading, declined by 21.1 per cent to RM85,312,000 from RM108,162,000 for the respective periods.

The trade volume on Bursa Derivatives also registered a slight decline in 2005 resulting in a 4.2 per cent decrease in derivatives clearing and trade fee to RM18,907,000 for financial year 2005 from RM19,741,000 for financial year 2004. A total of 2,459,745 contracts were traded in financial year 2005, compared to 2,632,992 contracts in financial year 2004. CPO futures and KLCI contracts remained the largest contributor to derivatives trading revenue and accounted for 92.3 per cent of derivatives contracts traded and 94.0 per cent of derivatives clearing and trade fee in financial year 2005.

Stable revenue, which comprised depository services, information services, listing fee, broker services and participants' subscriptions, increased by 8.1 per cent to RM76,303,000 in financial year 2005 from RM70,596,000 for financial year 2004. Revenue from information services recorded a 42.7 per cent growth to RM18,438,000 for financial year 2005 from RM12,922,000 for financial year 2004 due to the implementation of the new pricing model in October 2004 and an increase in the number of subscribers for information services. Fees from depository services, the largest contributor to stable income, amounted to RM27,297,000, which was relatively unchanged from the previous financial year.

Other income decreased slightly by 5.3 per cent to RM64,554,000 for financial year 2005 from RM68,168,000 for financial year 2004. Lower interest income was recorded in the current year following the reduction in the size of the Group's investment portfolio after the capital repayment exercise. This was, however, offset by the higher gain on the disposal of investment of RM12,522,000 for financial year 2005 compared to RM3,641,000 for financial year 2004.

Operating expenses were lower at RM139,709,000 for financial year 2005 compared to RM222,918,000 for financial year 2004. This was mainly due to the VSS cost of RM37,332,000 incurred in June 2004. As a result of the VSS exercise, staff costs decreased by 30.9 per cent to RM66,796,000 for financial year 2005 from RM96,658,000 for financial year 2004. Depreciation and other operating expenses such as IT upkeep and maintenance and building maintenance costs, were also lower in financial year 2005 as a direct result of ongoing efforts by the Group to enhance cost efficiency.

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17. PERFORMANCE REVIEW (CONTD.)

On quarter-to-quarter basis, the Group's profit before tax decreased to RM22,484,000 for the three months ended 31 December 2005 from RM23,778,000 for the three months ended 31 December 2004 mainly due lower total revenue. Lower equity trading value of RM40.0 billion was recorded for the three months ended 31 December 2005 compared to RM58.1 billion for the same quarter last financial year resulting in lower equity clearing and SCORE fees of RM18,706,000 for the three months ended 31 December 2005. Interest income decreased to RM9,858,000 from RM13,526,000 for the corresponding periods as a result of the capital repayment exercise. Lower staff costs and other operating expenses were recorded in the three months ended 31 December 2005 as a result of the VSS exercise in 2004 and other cost reduction measures undertaken by the Group.

18. MATERIAL CHANGE IN PROFIT BEFORE TAXATION OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

The Group's profit before taxation for the three months ended 31 December 2005 of RM22,484,000 represents a decrease of 20.2 per cent from the preceding three months ended 30 September 2005 of RM28,190,000. The decrease was mainly attributable to lower revenue.

Total value transacted on Bursa Securities decreased by 20.6 per cent to RM40.0 billion in the current quarter compared to RM50.4 billion turnover in the preceding quarter. This resulted in a 7.8 per cent decrease in operating revenue to RM44,720,000 during the current quarter from RM48,511,000 in the preceding quarter. Other income also declined by 19.1 per cent to RM12,684,000 in the current quarter from RM15,687,000 in the preceding quarter due to lower interest income and gain on disposal of investment securities.

Total operating expenses decreased by 3.0 per cent to RM34,793,000 in the current quarter from RM35,878,000 in the preceding quarter, mainly as a result of lower staff cost. This was partially offset by higher other operating expenses mainly attributable to higher legal and professional fees, printing costs, and provision for doubtful debts.

19. COMMENTARY ON PROSPECTS

The Group's financial performance will continue to hinge significantly on the level of activities in the securities market in the near term, given that a major portion of the revenue is derived from clearing fee income. As such, the Group will continue to focus on efforts to enhance the quality of markets, grow investor base and market promotion. In relation to quality of markets, the Group will focus on delivering infrastructure improvements, increasing product range on equity and derivatives market, enhancing regulatory function and boosting investors' perception. On growing investor base and market promotion, the Group will increase efforts to enhance the activities among retail investors.

Investment income is expected to decrease in 2006 due to lower cash balance following the two capital repayment exercises completed during the financial year 2005.

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19. COMMENTARY ON PROSPECTS (CONTD.)

The Group will continue to pursue financial and operational efficiency as part of its corporate strategic objectives. IT maintenance costs had increased during the second half of financial year 2005 primarily due to the maintenance cost of Bursa Trade ("Common Trading Platform") hardware and is expected to increase further when Bursa Trade goes live in the second half of 2006. Similarly, the corresponding increase in depreciation is expected for the same period upon implementation of Bursa Trade.

20. PROFIT FORECAST

The Group's net profit after minority interests for the financial year ended 31 December 2005 of RM81,339,000 had exceeded the full-year forecast net profit of RM60,270,000 as stated in the Prospectus issued pursuant to its IPO. This was mainly attributable to higher investment income coupled with lower operating expenses incurred by the Group for the current financial year.

21. TAXATION

	3 months ended 31.12.2005 RM'000	12 months ended 31.12.2005 RM'000
Income tax - Current period's/year's charged	2,828	31,084
Deferred taxation relating to origination and reversal of temporary differences	1,592	133
Under provision of taxation in prior years	1,094	1,094
	<u>5,514</u>	<u>32,311</u>

The effective tax rates of the Group for the quarter is lower than the statutory tax rate due principally to taxation over estimated during the first half of the year. The effective tax rate of the Group for the financial year ended 31 December 2005 is lower than the statutory tax rate due to the tax exemption given on income of a subsidiary.

22. SALE OF PROPERTIES

There were no sales of properties other than the disposal of a piece of leasehold land held under PN 147624, Lot No. 9458N, Bandar Ipoh, Daerah Kinta, Perak Darul Ridzuan to Kinta Ceria Sdn. Bhd. for a cash consideration of RM5,000,000. The disposal was completed on 31 January 2005 and resulted in a gain of approximately RM1,455,000 for the Company.

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23. MARKETABLE SECURITIES

Details of purchases and disposals of marketable securities are as follows:

	3 months ended 31.12.2005 RM'000	12 months ended 31.12.2005 RM'000
Purchase of marketable securities (at cost)	24,880	490,395
Disposal of marketable securities (proceeds)	147,114	756,129
Gain on disposal	2,063	12,522

The Group does not invest in quoted securities.

24. CORPORATE PROPOSALS

(a) Status of Corporate Proposal

The corporate proposal announced but not completed as at 15 February 2006 is as follows:

- (i) On 16 January 2006, the Company announced that it had entered into a Sale and Purchase Agreement to acquire 6,250,000 ordinary shares of RM1.00 each representing the remaining 25 per cent equity interest in Bursa Malaysia Depository Sdn Bhd from ABM-MCD Holdings Sdn Bhd, for a total cash consideration of RM35,625,000 or RM5.70 per ordinary share.

The proposed acquisition is pending the approval of the Foreign Investment Committee.

(b) Status of Utilisation of Proceeds

The IPO proceeds of RM504,810,000, being net of IPO expenses of RM16,638,000, have been used to partially restore the balance sheet of the Company after the Capital Reduction to shareholders and utilised for working capital requirements.

25. BORROWINGS AND DEBT SECURITIES

	As at 31.12.2005 RM'000
Short term borrowings	220
Long term borrowings	659
	<u>879</u>

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25. BORROWINGS AND DEBT SECURITIES (CONTD.)

Borrowings relate to an outstanding amount payable to the Government of Malaysia in respect of two interest free unsecured loans of RM697,000 and RM1,500,000. Each loan is repayable in 10 equal annual instalments, repayments of which commenced on 30 November 2000.

As at the reporting date, the Group has not issued any debt securities.

26. LONG TERM LIABILITY

	As at 31.12.2005 RM'000
Short term portion of lease (included in other payables)	539
Long term portion of lease	46,720
	<u>47,259</u>

The liability relates to the amount payable to the Government of Malaysia for the lease of land. This amount is interest free and payable in 99 annual instalments of RM539,000 each.

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the reporting date, the Group does not have any off balance sheet financial instruments.

28. CHANGES IN MATERIAL LITIGATION

As at 15 February 2006, there was no material litigation against the Group.

29. DIVIDEND PROPOSED

At the forthcoming Annual General Meeting, a final dividend in respect of financial year ended 31 December 2005 of 20.0 per cent less 28.0 per cent taxation, amounting to net dividend payable of approximately RM36,940,000 or 7.2 sen per share, computed based on the issued paid up capital as at 31 December 2005 of 513,060,000 ordinary shares of RM0.50 each, will be proposed to shareholders' for approval (31 December 2004: Nil).

The Company's dividend policy is to pay annual dividends of not less than 75.0 per cent of net profit for the year, taking into account various factors such as the level of Company's cash, expected results of operations, projected level of capital expenditure and the level of tax credits available to distribute dividends. Inclusive of the interim dividend payout of RM36,430,000, total dividend payout for the financial year 2005 will be approximately RM73,370,000 or 90.2 per cent of the net profit for the year.

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30. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

Basic EPS is calculated by dividing the net profit for the period/year by the weighted average number of ordinary shares in issue during the period/year.

	3 months ended 31.12.2005	12 months ended 31.12.2005
Net profit for the period/year (RM'000)	16,063	81,339
Weighted average number of ordinary shares in issue ('000)	510,047	484,659
Basic EPS (sen)	<u>3.1</u>	<u>16.8</u>

(b) Diluted EPS

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the period/year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	3 months ended 31.12.2005	12 months ended 31.12.2005
Net profit for the period/year (RM'000)	<u>16,063</u>	<u>81,339</u>
Weighted average number of ordinary shares in issue ('000)	510,047	484,659
Effect of dilution ('000)	<u>15,519</u>	<u>10,277</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>525,566</u>	<u>494,936</u>
Diluted EPS (sen)	<u>3.1</u>	<u>16.4</u>

31. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 February 2006.