

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2005

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2005

	Note	3 months ended		6 months ended	
		30.06.2005 RM'000 unaudited	30.06.2004 RM'000 unaudited	30.06.2005 RM'000 unaudited	30.06.2004 RM'000 unaudited
Operating revenue	8	47,185	52,737	99,844	119,081
Other income	9	15,264	14,696	36,183	35,848
		<u>62,449</u>	<u>67,433</u>	<u>136,027</u>	<u>154,929</u>
Staff costs		(16,997)	(25,670)	(35,677)	(54,650)
Voluntary Separation Scheme ("VSS") cost		-	(36,769)	-	(36,965)
Depreciation		(3,123)	(3,005)	(6,263)	(7,314)
Other operating expenses	10	(12,243)	(16,542)	(27,098)	(31,258)
Profit from operations		<u>30,086</u>	<u>(14,553)</u>	<u>66,989</u>	<u>24,742</u>
Finance costs		(34)	(36)	(76)	(74)
Profit before taxation		<u>30,052</u>	<u>(14,589)</u>	<u>66,913</u>	<u>24,668</u>
Taxation	21	(9,696)	(2,648)	(21,144)	(13,991)
Profit after taxation		<u>20,356</u>	<u>(17,237)</u>	<u>45,769</u>	<u>10,677</u>
Minority interests		(342)	(270)	(1,385)	(1,190)
Net profit/(loss) for the period		<u>20,014</u>	<u>(17,507)</u>	<u>44,384</u>	<u>9,487</u>
Earnings per share (sen)					
Basic	30	<u>3.99</u>	<u>(3.50)</u>	<u>9.62</u>	<u>1.90</u>
Diluted	30	<u>3.97</u>		<u>9.59</u>	

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)
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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2005

	Note	As at 30.06.2005 RM'000 unaudited	As at 31.12.2004 RM'000 audited
NON-CURRENT ASSETS			
Property, plant and equipment		356,565	356,152
Other investments		140,294	248,434
Staff loans receivable		30,596	30,972
Net goodwill		46,191	47,661
Deferred tax assets		1,003	865
		<u>574,649</u>	<u>684,084</u>
CURRENT ASSETS			
Trade receivables		23,334	24,312
Other receivables		30,430	41,913
Tax recoverable		20,521	19,095
Short term investments		291,202	280,939
Short term deposits		619,239	707,344
Cash and bank balances		5,858	7,433
		<u>990,584</u>	<u>1,081,036</u>
CURRENT LIABILITIES			
Trade payables		143,296	124,253
Other payables		53,150	90,330
Tax payable		12,446	4,207
Short term borrowings	25	220	220
		<u>209,112</u>	<u>219,010</u>
NET CURRENT ASSETS			
		<u>781,472</u>	<u>862,026</u>
		<u>1,356,121</u>	<u>1,546,110</u>
FINANCED BY:			
Share capital		251,356	250,000
Retained profits		572,542	1,195,158
Share premium		440,976	12,400
Capital redemption reserve		2,750	2,750
Foreign exchange reserve		(13)	(13)
		<u>1,267,611</u>	<u>1,460,295</u>
Minority interest		19,240	17,855
		<u>1,286,851</u>	<u>1,478,150</u>
Retirement benefit obligations		16,729	15,334
Deferred income		2,831	2,831
Long term borrowings	25	879	879
Long term liability	26	46,720	47,259
Deferred tax liability		2,111	1,657
		<u>69,270</u>	<u>67,960</u>
		<u>1,356,121</u>	<u>1,546,110</u>
Net tangible assets per share (RM)		<u>2.43</u>	<u>2.83</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 SIX MONTH PERIOD ENDED 30 JUNE 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	-	-	-	-	-	9,487	9,487
At 30 June 2004	<u>-</u>	<u>250,000</u>	<u>12,400</u>	<u>2,750</u>	<u>(13)</u>	<u>1,169,570</u>	<u>1,434,707</u>
At 1 January 2005	-	250,000	12,400	2,750	(13)	1,195,158	1,460,295
Bonus issue	-	667,000	-	-	-	(667,000)	-
Capital reduction	-	(750,000)	-	-	-	-	(750,000)
Issuance of ordinary shares:							
Pursuant to Initial Public Offering ("IPO")	-	83,000	438,448	-	-	-	521,448
Pursuant to the Employee Share Option Scheme ("ESOS")	-	1,356	6,781	-	-	-	8,137
IPO expenses	-	-	(16,653)	-	-	-	(16,653)
Net profit for the period	-	-	-	-	-	44,384	44,384
At 30 June 2005	<u>-</u>	<u>251,356</u>	<u>440,976</u>	<u>2,750</u>	<u>(13)</u>	<u>572,542</u>	<u>1,267,611</u>

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 SIX MONTH PERIOD ENDED 30 JUNE 2005

	6 months ended	
	30.06.2005	30.06.2004
	RM'000	RM'000
	unaudited	unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	66,913	24,668
Adjustment for:		
Amortisation of goodwill	1,470	1,073
Amortisation of premium less accretion of discount	451	13
Depreciation	6,263	7,314
Gain on disposal of subsidiary	-	(4,249)
Interest expense	10	13
Interest income	(24,821)	(26,876)
Net provision for bad and doubtful debts	206	207
Net gain on disposal of investments	(6,494)	(260)
Net gain on disposal of property, plant and equipment	(2,092)	(1,529)
Property, plant and equipment written off	4	-
Provision for retirement benefits	1,383	1,266
Provision for short term accumulating compensating unutilised leave	599	-
Operating profit before working capital changes	<u>43,892</u>	<u>1,640</u>
Decrease/(increase) in receivables	7,328	(160)
Increase in payables	10,288	32,162
Cash generated from operations	<u>61,508</u>	<u>33,642</u>
Retirement benefits paid	(15,622)	-
Interest paid	(10)	(13)
Taxes paid net of refund	(13,982)	(14,589)
Net cash generated from operating activities	<u><u>31,894</u></u>	<u><u>19,040</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	19,208	20,973
Net cash inflow from disposal of subsidiaries	-	5,434
Proceeds from disposal of property, plant and equipment	5,910	267
Purchase of property, plant and equipment	(10,498)	(36,300)
Proceeds from disposal/(purchase) of unquoted bonds and Malaysian Government Securities, net	114,398	(108,264)
Repayment/(disbursement) of staff loans, net	347	(2,455)
Net cash generated from/(used in) investing activities	<u><u>129,365</u></u>	<u><u>(120,345)</u></u>

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2005

	6 months ended	
	30.06.2005	30.06.2004
	RM'000	RM'000
	unaudited	unaudited
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital repayment (Note (a))	(701,229)	
IPO expenses	(16,480)	-
Proceeds from exercise of ESOS	8,137	
Proceeds from subscription of IPO (Note (b))	472,677	-
Repayment of loan from Securities Commission	(13,505)	-
Repayment of long term liability	(539)	(539)
Net cash used in financing activities	<u>(250,939)</u>	<u>(539)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(89,680)	(101,844)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	714,777	808,408
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>625,097</u>	<u>706,564</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	5,858	7,864
Short term deposits (Note (c))	619,239	698,700
	<u>625,097</u>	<u>706,564</u>

- (a) Capital repayment to shareholders amounting to RM701.2 million was net of IPO proceeds for shares subscribed by eligible remisiers amounting to RM48.8 million.
- (b) IPO proceeds for shares subscribed by eligible remisiers amounting to RM48.8 million was directly offset against the Shareholders' Scheme Account.
- (c) Included in short term deposits as at 30 June 2005 are cash deposits of RM143.2 million (30 June 2004: RM155.6 million) collected by Bursa Malaysia Derivatives Clearing Sdn. 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.

BURSA MALAYSIA BERHAD (30632-P)
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1. BASIS OF PREPARATION

The interim financial statements are unaudited 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 repayment 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 1,334.0 million new ordinary shares of RM0.50 each in the Company ("Shares") by way of capitalisation of retained profits of RM667.0 million 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 RM750.0 million of the share capital was cancelled, representing approximately RM0.41 of the par value of each Share ("Capital Reduction");
- A share consolidation exercise whereby 1,834.0 million ordinary shares of approximately RM0.09 par value each after the Capital Reduction were consolidated into 334.0 million Shares; and
- The creation of Shareholders' Scheme Account into which the credit of RM750.0 million from the Capital Reduction was transferred. The capital repayment to eligible shareholders of RM701.2 million, being net of IPO proceeds for shares subscribed by eligible remisers amounting to RM48.8 million, was effected on 1 April 2005.

ii) IPO

On 11 March 2005, the Company issued 166.0 million 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 500.0 million Shares was listed on the Main Board of Bursa Securities on 18 March 2005.

iii) ESOS

During the financial period ended 30 June 2005, the Company issued 2.7 million Shares at an issue price of RM3.00 each pursuant to the exercise of the options under the Company's ESOS.

7. DIVIDENDS PAID

There were no dividends paid during the current quarter and financial year-to-date.

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8. OPERATING REVENUE

	3 months ended 30.06.2005 RM'000	3 months ended 30.06.2004 RM'000	6 months ended 30.06.2005 RM'000	6 months ended 30.06.2004 RM'000
Clearing fees	17,711	22,029	43,071	58,049
Depository services	6,743	7,004	13,206	13,727
Derivatives trade fees	3,562	4,380	7,218	8,346
Broker services	3,657	3,449	7,232	6,783
Listing fees	3,304	3,596	6,749	6,822
Information services	6,086	3,274	9,192	6,458
SCORE (trading access) fees	2,021	2,251	4,834	6,103
Institutional Settlement Service fees	1,587	1,784	3,354	3,844
Participants' subscriptions	678	828	1,674	1,753
Buying-in commissions	104	146	252	481
Other income/fees derived from operations of the Group	1,732	3,996	3,062	6,715
	<u>47,185</u>	<u>52,737</u>	<u>99,844</u>	<u>119,081</u>

9. OTHER INCOME

	3 months ended 30.06.2005 RM'000	3 months ended 30.06.2004 RM'000	6 months ended 30.06.2005 RM'000	6 months ended 30.06.2004 RM'000
Interest income	11,476	13,397	24,821	26,876
Net gain on disposal of investments	3,210	120	6,494	260
Net gain on disposal of subsidiaries	-	131	-	4,249
Gain on disposal of property, plant and equipment	3	127	2,092	1,566
Others	575	921	2,776	2,897
	<u>15,264</u>	<u>14,696</u>	<u>36,183</u>	<u>35,848</u>

10. OTHER OPERATING EXPENSES

	3 months ended 30.06.2005 RM'000	3 months ended 30.06.2004 RM'000	6 months ended 30.06.2005 RM'000	6 months ended 30.06.2004 RM'000
Upkeep and maintenance of information technology	3,329	4,478	6,598	8,854
Building maintenance costs	2,114	2,690	4,290	5,051
Others	6,800	9,374	16,210	17,353
	<u>12,243</u>	<u>16,542</u>	<u>27,098</u>	<u>31,258</u>

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11. SEGMENTAL INFORMATION

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 30 June 2005 by business segments is as follows:

	Exchanges RM'000	Clearing, settlement and depository RM'000	Information services RM'000	Exchange holding RM'000	Others RM'000	Elimination RM'000	3 months ended 30.06.2005 Consolidated RM'000
CURRENT QUARTER RESULTS							
Segment revenue							
External revenue	23,734	17,343	6,108	-	-		47,185
Inter-segment revenue	53	-	250	30,426	-	(30,729)	-
Total operating revenue	23,787	17,343	6,358	30,426	-	(30,729)	47,185
Other income	978	7,005	211	6,981	89	-	15,264
	<u>24,765</u>	<u>24,348</u>	<u>6,569</u>	<u>37,407</u>	<u>89</u>		<u>62,449</u>
Segment operating expenses							
Staff costs	(1,531)	(1,649)	(578)	(13,239)	-		(16,997)
Depreciation	(101)	(50)	(2)	(1,957)	(2)		(2,112)
Other operating expenses	(17,437)	(14,444)	(1,986)	(8,876)	-	30,500	(12,243)
Unallocated corporate expenses							(1,011)
	<u>(19,069)</u>	<u>(16,143)</u>	<u>(2,566)</u>	<u>(24,072)</u>	<u>(2)</u>		<u>(32,363)</u>
Segment results							
Profit from operations	<u>5,696</u>	<u>8,205</u>	<u>4,003</u>	<u>13,335</u>	<u>87</u>		<u>30,086</u>

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11. SEGMENTAL INFORMATION (CONTD.)

	Clearing, settlement and Information Exchange					6 months ended 30.06.2005	
	Exchanges	depository	services	holding	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FINANCIAL YEAR-TO-DATE RESULTS							
Segment revenue							
External revenue	52,326	38,254	9,240	24	-		99,844
Inter-segment revenue	102	-	504	61,192	-	(61,798)	-
Total operating revenue	52,428	38,254	9,744	61,216	-	(61,798)	99,844
Other income	2,358	14,355	419	18,939	112	-	36,183
	54,786	52,609	10,163	80,155	112		136,027
Segment operating expenses							
Staff costs	(2,836)	(3,093)	(1,175)	(28,573)	-		(35,677)
Depreciation	(224)	(104)	(3)	(3,696)	(5)		(4,032)
Other operating expenses	(37,990)	(25,904)	(3,442)	(21,104)	-	61,342	(27,098)
Unallocated corporate expenses							(2,231)
	(41,050)	(29,101)	(4,620)	(53,373)	(5)		(69,038)
Segment results							
Profit from operations	13,736	23,508	5,543	26,782	107		66,989
ASSETS AND LIABILITIES							
Segment assets							
Assets	136,962	523,149	26,778	825,476	11,835		1,524,200
Unallocated corporate assets							41,033
Consolidated total assets							1,565,233
Segment liabilities							
Liabilities	9,979	153,184	2,148	98,460	53		263,824
Unallocated corporate liabilities							14,558
Consolidated total liabilities							278,382

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.

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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.

14. CHANGES IN COMPOSITION OF THE GROUP

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

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.

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 30 June 2005 were as follows:

	As at 30.06.2005 RM'000
Approved and contracted for:	
Computer and office automation	
Trading system	55,306
Other information technology systems	10,612
Renovation	132
	<u>66,050</u>
Approved but not contracted for:	
Computer and office automation	
Trading system	13,062
Other information technology systems	9,528
	<u>22,590</u>

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17. PERFORMANCE REVIEW

The Group's profit before tax rose by 170.9 per cent to RM66.9 million for the six months ended 30 June 2005 from RM24.7 million for the six months ended 30 June 2004 mainly due to the higher operating expenses incurred during the six months ended 30 June 2004 as a result of the implementation of the VSS in June 2004. The higher operating expenses were partially offset by higher operating revenue generated during the six months ended 30 June 2004.

Operating revenue declined by 16.2 per cent to RM99.8 million for the six months ended 30 June 2005 from RM119.1 million for the six months ended 30 June 2004 mainly due to decrease in turnover in the equity market. Total trading value transacted on Bursa Securities declined by 19.5 per cent to RM110.7 billion during the 6 months ended 30 June 2005 from RM137.6 billion during the corresponding period in the previous financial year. This resulted in a decrease in clearing fees and SCORE fees, which are the major contributors to the Group's revenue, by 25.4 per cent to RM47.9 million for the six months ended 30 June 2005 from RM64.2 million for the six months ended 30 June 2004. Derivatives trade fees decreased by 13.3 per cent to RM7.2 million for the six months ended 30 June 2005 from RM8.3 million for the six months ended 30 June 2004 mainly due to the decrease in the number of contracts traded on Bursa Derivatives. Revenue from information services, however, recorded a 41.5 per cent growth to RM9.2 million for the six months ended 30 June 2005 from RM6.5 million for the six months ended 30 June 2004 due to the implementation of the new pricing model in October 2004 and an increase in the number of subscribers for information services.

Other income increased by 1.1 per cent to RM36.2 million for the six months ended 30 June 2005 from RM35.8 million for the six months ended 30 June 2004. The increase was mainly due to a higher net gain on disposal of investments and property, plant and equipment. The increase in net gains stated above was partially offset by a decrease in interest income as a result of the reduction in the size of the Group's investment portfolio after the capital repayment exercise.

Lower operating expenses were incurred in the six months ended 30 June 2005 as compared to that incurred in the six months ended 30 June 2004 mainly due to the VSS cost of RM37.0 million incurred in June 2004. Staff costs, depreciation and other operating expenses such as upkeep and maintenance of information technology and building maintenance costs, were also lower in the six months ended 30 June 2005 as a direct result of the VSS exercise and ongoing efforts by the Group to enhance cost efficiency.

The Group's profit before tax increased to RM30.1 million for the three months ended 30 June 2005 from a loss of RM14.6 million for the three months ended 30 June 2004. Total turnover value transacted on Bursa Securities for the three months ended 30 June 2005 was RM46.3 billion or 6.7 per cent lower compared to the RM49.6 billion recorded during the same quarter last financial year, resulting in lower revenue for the three months ended 30 June 2005. Despite the lower revenue, the overall financial results for the three months ended 30 June 2005 was better compared to the three months ended 30 June 2004 mainly due to lower staff costs and other operating expenses as a result of the VSS exercise and other cost reduction measures undertaken by the Group.

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

The Group's profit before taxation for the current quarter of RM30.1 million represents a decrease of RM6.8 million or 18.4 per cent from the preceding quarter of RM36.9 million. The Group's performance was affected by the decrease in the value of securities traded on the securities market and lower other income during the current quarter. The effects of the lower market turnover and decrease in other income for the current quarter were partially offset by the lower operating expenses in the current quarter as compared to the preceding quarter.

Operating revenue dropped by 10.4 per cent from RM52.7 million the preceding quarter to RM47.2 million for the current quarter in tandem with the decrease in trading value. Total value transacted on Bursa Securities decreased by 28.1 per cent to RM46.3 billion in the current quarter compared to RM64.4 billion turnover in the preceding quarter. The lower revenue from trading and clearing activities were partially offset by higher revenue from information services which saw a significant improvement from RM3.1 million last quarter to RM6.1 million in the current quarter due to the implementation of the new pricing model in October 2004 and an increase in the number of subscribers for information services.

Other income dropped to RM15.3 million for the current quarter from RM20.9 million the preceding quarter mainly due to lower interest income and the absence of significant gains on disposal of property, plant and equipment. Interest income declined by 13.5 per cent in the current quarter as compared to the preceding quarter due to the reduction in investment portfolio after the capital repayment to shareholders. The higher gain on disposal of property, plant and equipment during the preceding quarter was mainly due to the disposal of leasehold land, as disclosed in Note 22.

Total operating expenses decreased by 11.7 per cent to RM32.4 million in the current quarter from RM36.7 million in the preceding quarter as a result of lower legal and professional fees and conference expenses, and the on-going efforts of the Group to enhance economies of scale in all operating areas.

19. COMMENTARY ON PROSPECTS

As trading and clearing revenue from equities market are the main revenue contributors of the Group, turnover value of the securities market for the rest of the year will have a significant impact on the Group's performance. The recent removal of the ringgit peg has had a positive impact on trading activity arising from enhanced investors sentiment, and if such trend continues, the Group can expect to see an increase in revenue from trading related activities.

Strong revenue growth was registered from information services during the second quarter of 2005. We expect the information services revenue to be higher this year than the previous year due to the implementation of the new pricing model in October 2004 and an increase in the number of subscribers for information services.

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19. COMMENTARY ON PROSPECTS (CONTD.)

Interest income from cash investments is expected to be lower for the rest of the year in view of the lower cash and cash equivalent position that the Group is in following the capital repayment.

The Group continues to pursue operational efficiency as part of its initiatives to lower cost of doing business and this remains a top strategic priority. However, depreciation cost and IT maintenance costs are expected to increase in the second half of the current financial year primarily due to the completion of Phase 1A of the Common Trading Platform ("CTP") and the need to maintain two systems prior to the launch of the CTP.

Barring any unforeseen circumstances, the directors expect the Group to exceed the forecast net profit of RM60.3 million as stated in the Prospectus issued pursuant to the IPO.

20. PROFIT FORECAST

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest are not applicable for this quarter and half year report.

21. TAXATION

	3 months ended 30.06.2005 RM'000	6 months ended 30.06.2005 RM'000
Income Tax		
Current period's provision	7,990	20,828
Deferred taxation relating to origination and reversal of temporary differences	1,706	316
	<u>9,696</u>	<u>21,144</u>

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

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 RM5.0 million. The disposal was completed on 31 January 2005 and resulted in a gain of approximately RM1.5 million for the Company.

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23. MARKETABLE SECURITIES

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

	3 months ended 30.06.2005 RM'000	6 months ended 30.06.2005 RM'000
Purchase of marketable securities (at cost)	103,724	345,119
Disposal of marketable securities (proceeds)	229,228	449,721
Gain on disposal	<u>3,210</u>	<u>6,494</u>

The Group does not invest in quoted securities.

24. CORPORATE PROPOSALS

(a) Status of Corporate Proposals

On 1 August 2005, the Board has approved a capital distribution to shareholders of RM416 million equivalent to approximately RM0.83 per share cash in line with the Company's objective of enhancing capital management. The capital distribution exercise will require the approvals of shareholders of Bursa Malaysia and the High Court of Malaya. The capital distribution exercise is expected to be completed in the last quarter of 2005.

(b) Status of Utilisation of Proceeds

The IPO proceeds of RM504.8 million, being net of IPO expenses of RM16.6 million, have been used to partially restore our balance sheet after the Capital Reduction to shareholders and utilised for working capital requirements.

25. BORROWINGS AND DEBT SECURITIES

	As at 30.06.2005 RM'000
Short term borrowings	220
Long term borrowings	<u>879</u>
	<u>1,099</u>

Borrowings relate to an outstanding amount payable to the Government of Malaysia in respect of two interest free unsecured loans of RM0.7 million and RM1.5 million. 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.

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26. LONG TERM LIABILITY

	As at 30.06.2005 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 RM0.5 million 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 1 August 2005, there was no material litigation against the Group.

29. DIVIDEND PAYABLE

On 1 August 2005, the Board of Directors approved and declared a first interim dividend of 10 sen per share less 28 per cent taxation in respect of the financial year ending 31 December 2005 (2004: Nil). The dividend will be paid on 29 August 2005 to shareholders whose names appear in the Record of Depositors on 18 August 2005.

30. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

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

	3 months ended 30.06.2005	6 months ended 30.06.2005
Net profit for the period (RM'000)	20,014	44,384
Weighted average number of ordinary shares in issue ('000)	501,676	461,425
Basic EPS (sen)	<u>3.99</u>	<u>9.62</u>

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30. EARNINGS PER SHARE ("EPS") (CONTD.)

(b) Diluted EPS

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

	3 months ended 30.06.2005	6 months ended 30.06.2005
Net profit for the period (RM'000)	<u>20,014</u>	<u>44,384</u>
Weighted average number of ordinary shares in issue ('000)	501,676	461,425
Effect of dilution ('000)	<u>2,916</u>	<u>1,522</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>504,592</u>	<u>462,947</u>
Diluted EPS (sen)	<u>3.97</u>	<u>9.59</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 1 August 2005.