BURSA MALAYSIA

2006

ANNUAL REPORT

BURSA MALAYSIA

Annual Report 2006

Corporate Review

Financial Review

Additional Information

Mission Statement

Bursa Malaysia aims to offer an internationally competitive marketplace for fund raising and investment.

FINANCIAL HIGHLIGHTS

	31 DEC 2002[1]	31 DEC 2003	31 DEC 2004	31 DEC 2005[4]	31 DEC 2006
KEY RESULTS (RM MILLION)					
Operating Revenue	222.0	201.5	218.3	192.3	**262.1**
Operating Expenses (Including Depreciation and Amortisation)	296.5	187.1	222.9	144.1	**148.4**
Operating EBITDA	(34.5)	35.8	14.5	61.5	**129.7**
Operating Profit	(74.5)	14.4	(4.6)	48.2	**113.7**
Other Income	105.5	81.3	68.2	65.3	**39.8**
Profit Before Tax	30.7	95.6	63.5	113.2	**152.9**
Profit for the Year	7.3	65.3	38.3	80.9	**108.9**
Profit Attributable to Equity Holders of the Company	2.8	59.9	35.1	77.0	**108.1**
BALANCE SHEET (RM MILLION)					
Net Current Assets	824.2	859.5	862.0	444.1	**360.1**
Total Assets	1,658.2	1,744.0	1,765.1	1,197.4	**1,407.4**
Total Liabilities	272.4	304.1	287.0	293.0	**598.0**
Membership Fee and Reserves/Equity Attributable to Equity Holders of the Company	1,367.5	1,425.2	1,460.3	883.1	**809.4**
KEY RATIOS (%)					
Operating Revenue Growth	(12.0)[2]	36.1[2]	8.3	(11.9)	**36.3**
Stable Income to Total Operating Expenses	27.4	35.4	31.6	53.1	**50.9**
Operating EBITDA Margin	(15.5)	17.8	6.6[3]	32.0	**49.5**
Operating Profit Margin	(33.6)	7.1	(2.1)[3]	25.1	**43.4**
Net Profit Margin	2.2	23.1	13.4[3]	31.4	**36.1**
Return on Equity	0.2	4.3	2.4	6.6	**12.8**
KEY PER SHARE DATA (SEN)					
Basic Earnings Per Ordinary Share	n/a	n/a	7.0	15.9	**20.9**
Net Asset Per Share Attributable to Equity Holders	n/a	n/a	292.1	172.1	**155.8**
KEY OPERATING DRIVERS					
Average Daily Turnover Value (On-Market Transactions) (RM million)	467	748	874	718	**1,019**
Average Daily Number of Derivative Contracts Traded	4,678	8,131	10,617	9,958	**16,915**
Number of New Companies Listed	57	58	72	76	**36**
Total Number of Public Listed Companies (PLC)	865	906	963	1,021	**1,027**
Funds Raised (RM million)	13,811	7,628	7,350	8,917	**4,076**
Number of Institutional Settlement Services (ISS) Instructions (in thousand)	280	204	289	276	**290**
Number of Central Depository System (CDS) Accounts (in million)	3.0	3.2	3.4	3.5	**3.6**

1 Comparative figures and ratios for 2002 are based on restated amounts as contained in the Company's prospectus dated 23 February 2005.

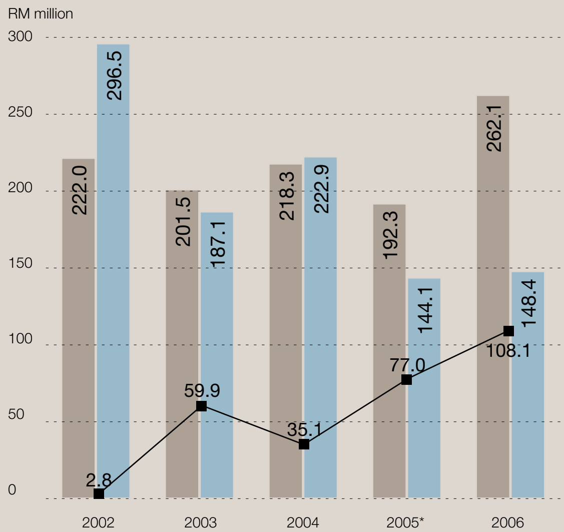
2 Operating revenue growth for 2002 and 2003 are based on annualised 2002 revenue.

3 The ratios for 2004 which exclude the one-off Voluntary Separation Scheme (VSS) costs are as follows:
i Operating EBITDA Margin: 23.7%
ii Operating Profit Margin: 15.0%
iii Net Profit Margin: 26.4%

4 Comparative figures and ratios for 2005 have been reclassified for better presentation and restated to take into account the prior year effects of FRS 2 in respect of share options.

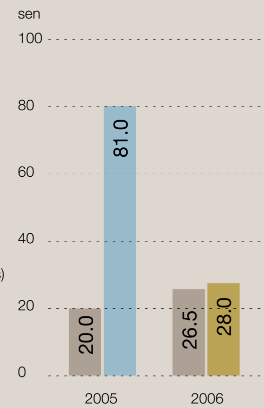
OVERALL FINANCIAL RESULT

- Operating Revenue
- Operating Expenses
- Profit Attributable to Equity Holders of the Company



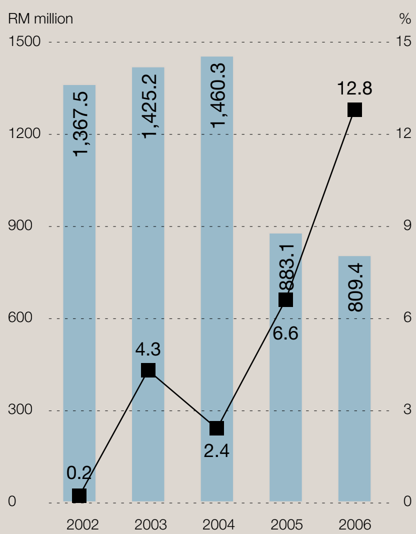
CAPITAL MANAGEMENT

- Ordinary Dividend (Gross)
- Special Dividend (Gross)
- Capital Repayment



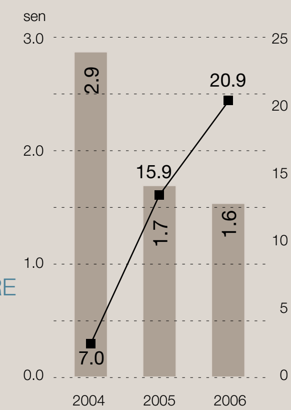
SHAREHOLDERS' FUND VS RETURN ON EQUITY

- Shareholders' Funds
- Return on Equity



EARNINGS PER SHARE VS NET ASSET PER SHARE

- Net Asset per Share
- Earnings per Share

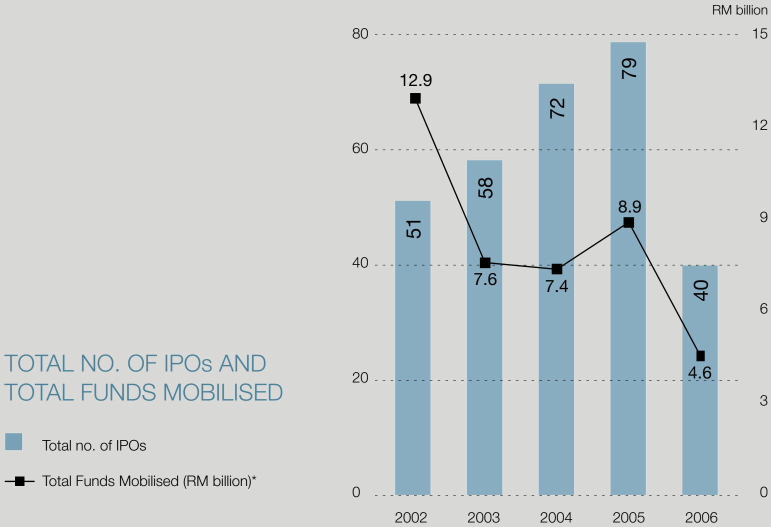


* Operating revenue has been reclassified for better presentation.

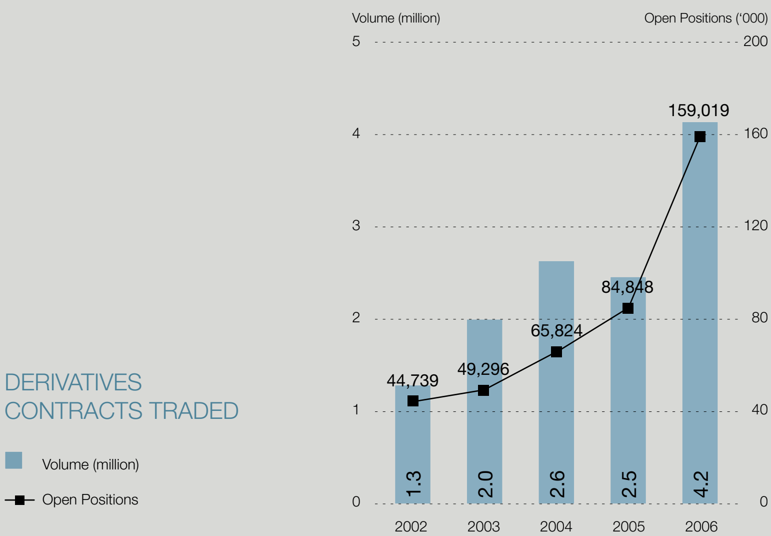
* Operating expenses, profit attributable to equity holders of the Company, return on equity and earnings per share have been restated to take into account the prior year effects of FRS 2 in respect of share options.

BURSA MALAYSIA HIGHLIGHTS

TOTAL NO. OF IPOs AND TOTAL FUNDS MOBILISED



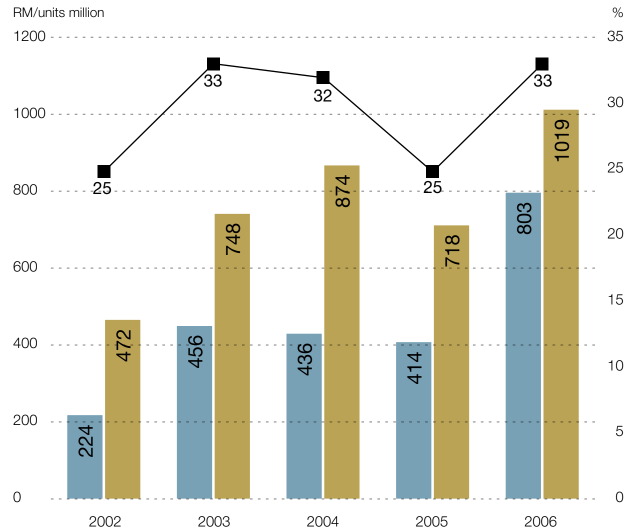
DERIVATIVES CONTRACTS TRADED



* Funds raised in both primary and secondary markets

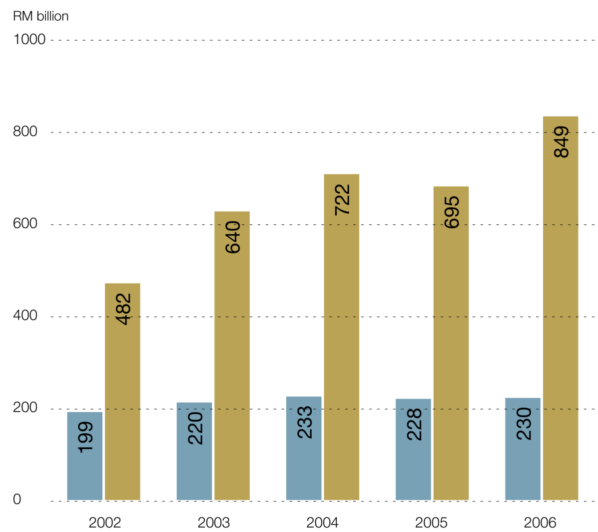
DAILY AVERAGE VOLUME, DAILY AVERAGE VALUE AND VELOCITY

- Daily Average Transacted Volume - OMT (million shares)
- Daily Average Transacted Value - OMT (RM million)
- Velocity (%)

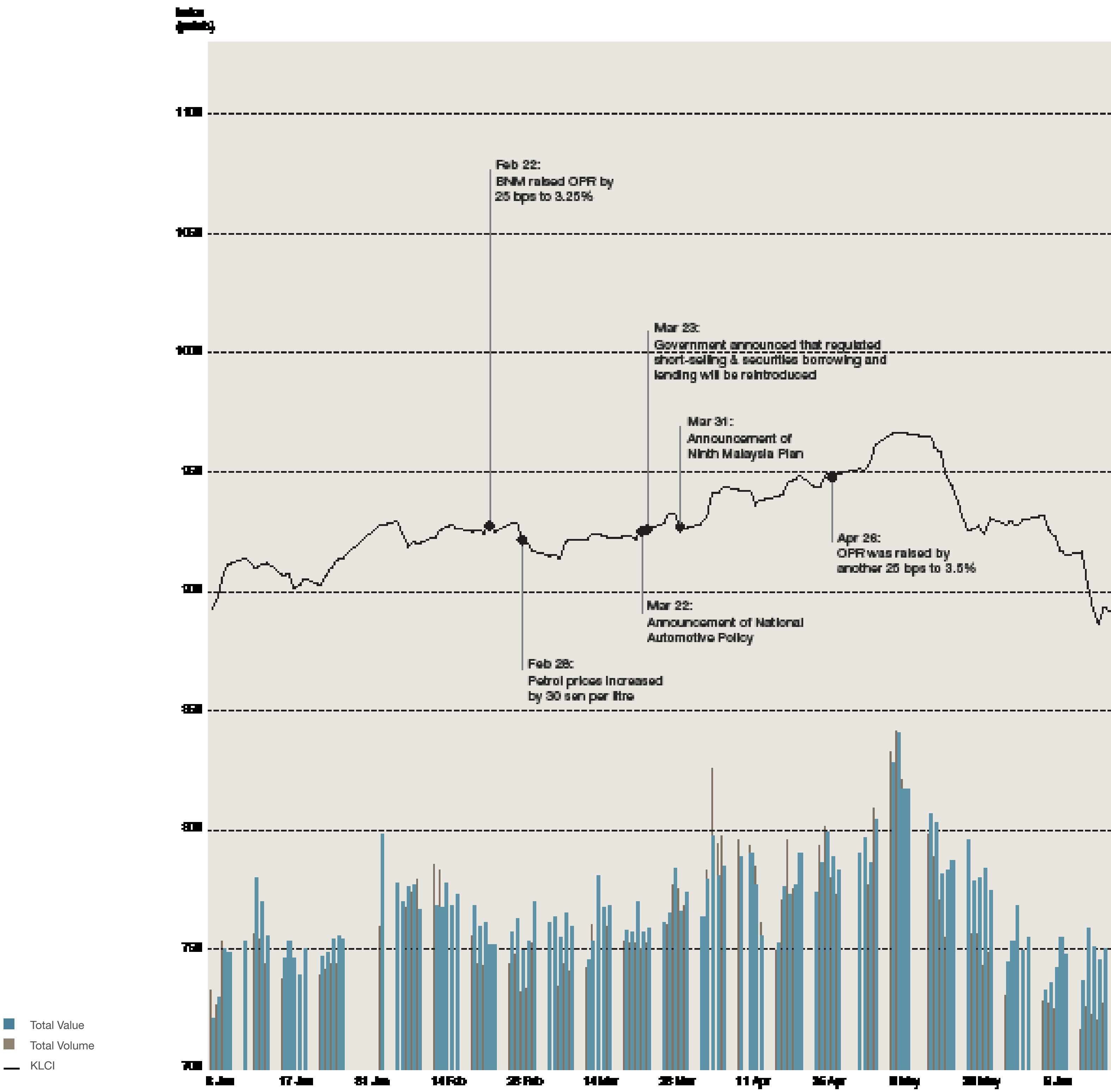


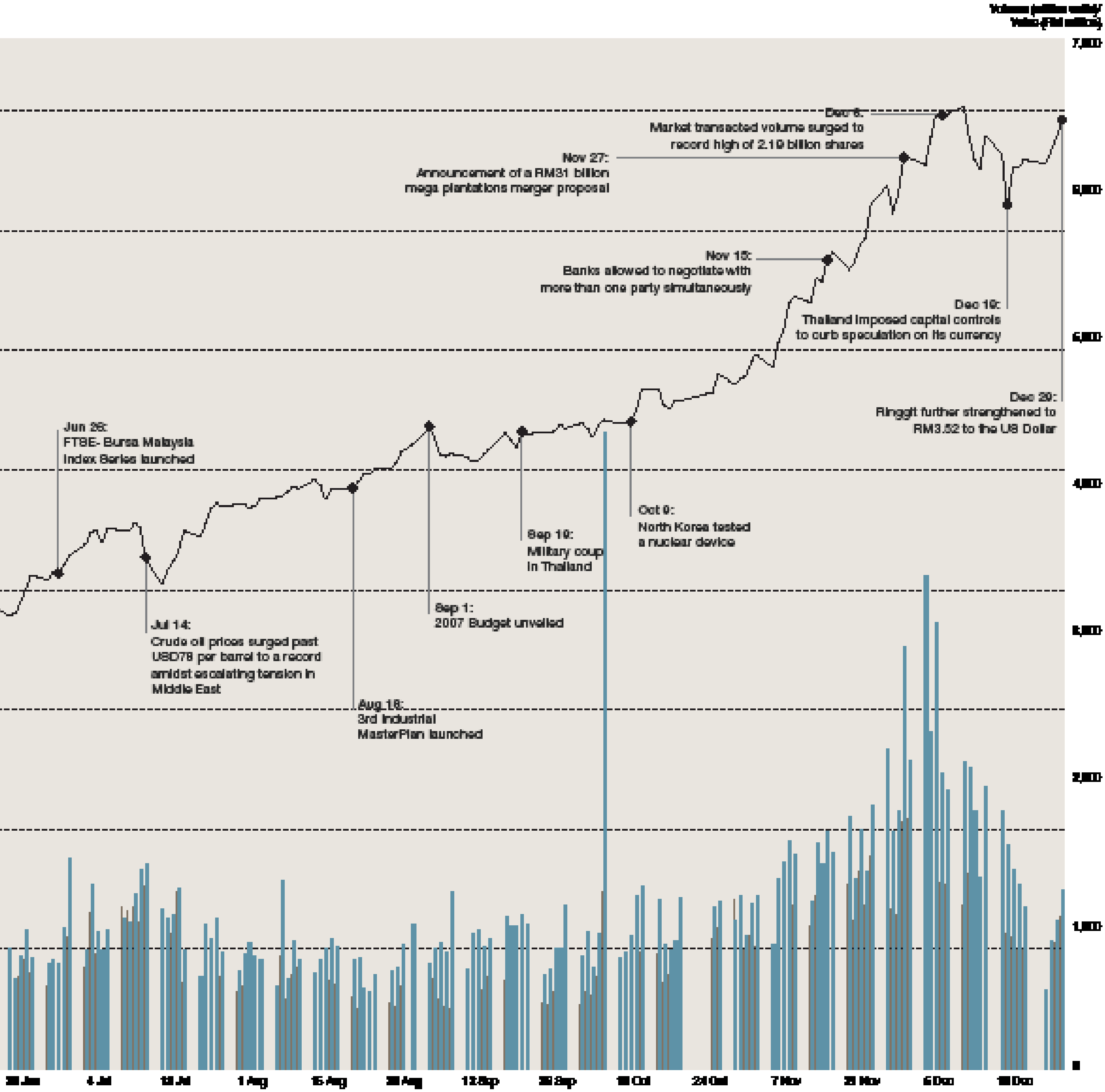
MARKET CAPITALISATION AND NOMINAL VALUE OF SHARES

- Total Market Capitalisation (RM billion)
- Total Nominal Value of Shares (RM billion)



MARKET PERFORMANCE




Dec 6:
Market transacted volume surged to
record high of 2.19 billion shares
Nov 27:
Announcement of a RM31 billion
mega plantations merger proposal
Nov 15:
Banks allowed to negotiate with
more than one party simultaneously
Dec 19:
Thailand imposed capital controls
to curb speculation on its currency
Dec 29:
Ringgit further strengthened to
RM3.52 to the US Dollar
Jun 26:
FTSE- Bursa Malaysia
Index Series launched
Oct 9:
North Korea tested
a nuclear device
Sep 19:
Military coup
in Thailand
Sep 1:
2007 Budget unveiled
Jul 14:
Crude oil prices surged past
USD78 per barrel to a record
amidst escalating tension in
Middle East
Aug 18:
3rd Industrial
MasterPlan launched
4 Jul
1 Aug
15 Aug
7 Nov

CHAIRMAN'S MESSAGE

TUN MOHAMED DZAIDDIN BIN HAJI ABDULLAH

DEAR SHAREHOLDERS,

It is my pleasure to report to you that 2006 was a year of solid progress for Bursa Malaysia, with many achievements of which we are proud. It was a challenging year, given the expectations created after becoming a public listed company in 2005. To manage the burden of expectation we published our headline Key Performance Indicators (KPIs), thereby providing a benchmark against which we might be judged.

Tun Mohamed Dzaiddin bin Haji Abdullah
CHAIRMAN

CHAIRMAN'S MESSAGE

In general, equity markets worldwide have had a good year. This has helped though it has not been plain sailing. Our market has had to deal with perception issues with regard to the Malaysian capital market. Bursa Malaysia had to face challenges in major initiatives it undertook including the reintroduction of regulated short selling (RSS) and stock borrowing and lending (SBL), the launch of our equities clearing guarantee fund and the implementation of the common trading platform for derivatives. Fortunately, with diligence and effective management these projects have been successfully launched. The dedication and commitment of everyone in the organisation has stood us in good stead, and the fruits of hard work have shown through as 2006 progressed. We have substantially met our KPIs. From our share price performance it appears that we have produced the results shareholders were looking for. It now remains for us to live up to the expectation that we can provide exceptional returns.

DELIVERING ON OUR COMMERCIAL RESPONSIBILITIES

In the last Annual Report, I stated that our "inherent aim is the desire to make Bursa Malaysia a model public-listed entity that sets the benchmark for other companies in our exchange".

Operationally, our profits improved due to increased trading activity by retail investors in the 2nd Quarter and foreign institutional investors in the 4th Quarter. This more than offset relatively quieter 1st and 3rd quarters. The full year results are commendable. The overall improvement in 2006 is perhaps best expressed in the following growth percentages:

- Operating Revenue - 36%
- Operating EBITDA - 111%
- Profit For The Year - 35%
- Earnings Per Share - 31%
- Return On Equity - 94%

To reward shareholders, we paid an interim dividend of 12.5 sen per share and a special dividend of 28 sen per share during the year. A final dividend of 14 sen per share will now be proposed for shareholders' approval in our coming Annual General Meeting. Should this dividend be approved, the payout ratio for the year would be 92%.

Our dividend policy of paying out a minimum of 75% remains and will not change in the foreseeable future. We will continue to focus on ways to further optimise capital management and improve shareholder value by returning excess capital as and when we can.

These developments took place at a time in which there continued to be many strongly held misconceptions about the existing operating and regulatory environment in Malaysia. At Bursa Malaysia, we saw this as yet another challenge and we embarked on a proactive Investor Relations programme, not only for Bursa Malaysia, as a listed company, but for Malaysia as a country and our capital markets. My Chief Executive Officer (CEO), in particular, made it a point to meet as many fund managers, investors, analysts, opinion makers and commentators as we could to rectify the perception. However, this is not a task for Bursa Malaysia alone; Malaysian listed enterprises generally need to do far more to profile and promote themselves so that they feature on the radar screens of investors, both local and foreign. The need is great and the work cannot commence soon enough.

In order to be a 'model public-listed entity', Bursa Malaysia takes the view that simply delivering a healthy bottom line is insufficient. We recognise that we operate as an integral part of the capital market, and that we also have responsibilities to society and our environment. To that end, I am very proud that we released and adopted a Corporate Social Responsibility (CSR) framework. We are inculcating in our people the awareness that we can make our money in a way which benefits and sustains society and the environment, and how we can invest in a common future for the benefit of the company and all stakeholders. We hope that this will flow through to Corporate Malaysia.

OUR REGULATORY ROLE

In the 2nd Quarter of 2006, following a period of considerable retail speculation in a number of counters, it became very apparent that more than the 'invisible hand' was at work in the market. If left unchecked, it would have led to a chaotic and disorderly market. Together with the Securities Commission, action was taken to ensure orderly and informed market activity was being conducted. During this period, I must add, Bursa Malaysia was criticised for not being tough enough at the outset and for being, perhaps, too hard by bringing the much desired retail market rally to a premature end. We accept this burden of criticism with equanimity. Retail participation is vital to the health of our markets, of course, but it should be on the basis of proper information if investors are to be protected. However, we believe that our actions will be recognised as necessary for the market, and will encourage a more informed and analytical approach by investors.

LOOKING AHEAD

2006 will be seen as a year in which the Exchange industry worldwide was gripped by merger/takeover mania, especially amongst the developed exchanges in North America and Western Europe. However, in Asia, and specifically at Bursa Malaysia, we remain largely unaffected. Most Governments in this region view the national stock exchange as a key element of economic development, and would be unwilling to see a foreign entity take control of an institution considered vital to national interest. On the other hand, this would not preclude Bursa Malaysia from exploring possibilities of working with interested parties in a manner that could lead to the development of a mutually beneficial relationship. This might conceivably include cross holdings or taking strategic equity stakes in the longer term. For the near future, however, enhancing greater co-operation, trading and understanding amongst the regional exchanges and supporting players will be the focus for Bursa Malaysia. It is my view that this will be the way the region develops, rather than through full blown mergers/takeovers.

Much remains to be done. We have yet to fully exploit the potential of our management and our markets. More key policy decisions need to be taken, to promote further improvements in our operating and regulatory environment to remove structural weaknesses that hinder growth and development, not only at the Exchange, but amongst all market participants. Issuers, investors, intermediaries, regulators and Government alike must be willing to be transparent about these shortcomings if they are to be addressed and, if possible, rectified quickly and efficiently.

This has to take place immediately as the securities industry worldwide is experiencing considerable and rapid change. To be a calm operator and regulator while having to adopt change as one of the global industry constants will present many challenges for Bursa Malaysia. However, it is just such challenges that I look forward to in the year ahead.

Tun Mohamed Dzaiddin bin Haji Abdullah
CHAIRMAN

BOARD OF DIRECTORS' PROFILE

01 02 03 04 05 06 07

08 09 10 11 12 13

FROM LEFT TO RIGHT:
01 Dato' Wong Puan Wah @ Wong Sulong **02** Datin Paduka Siti Sa'diah binti Sheikh Bakir **03** Peter Leong Tuck Leng **04** Tun Mohamed Dzaiddin bin Haji Abdullah **05** Dato' Abdul Latif bin Abdullah **06** Izham bin Yusoff **07** Cheah Tek Kuang **08** Datuk Azman bin Abdul Rashid **09** Dato' Yusli bin Mohamed Yusoff **10** Dato' Abdul Wahid bin Omar **11** Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego **12** Dr. Thillainathan A/L Ramasamy **13** Datuk Seri Hwang Sing Lue

BOARD OF DIRECTORS' PROFILE

TUN MOHAMED DZAIDDIN BIN HAJI ABDULLAH

Chairman, Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 8D of Securities Industry Act 1983
Date of Appointment: 1 March 2004

Tun Mohamed Dzaiddin bin Haji Abdullah, aged 69, a Malaysian, was a former Chief Justice of Malaysia. He is a Barrister of the Middle Temple, England, an advocate and solicitor of the High Court of Malaya, a former Vice President of the Malaysian Bar and a former President, ASEAN Law Association. Tun Dzaiddin had a distinguished career in the Malaysian Judiciary, as a High Court Judge from 1982 to 1992, Supreme Court Judge from 1982 to 1993 and Federal Court Judge from 1993 to 2000. He retired as the 9th Chief Justice of Malaysia in 2003. He was former Chairman of the Royal Commission to Enhance the Operation and Management of the Royal Malaysia Police.

Currently, he is a legal consultant at Skrine, Chairman of Deutsche Bank (Malaysia) Bhd, Chairman of the Tun Mohamad Suffian Foundation, Chairman of the Advisory Council, Business Ethics Institute of Malaysia, Fellow, Singapore Institute of Arbitrators and panel member of the Singapore International Arbitration Centre.

DATO' ABDUL LATIF BIN ABDULLAH

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 8D of Securities Industry Act 1983
Date of Appointment: 1 April 2004

Dato' Abdul Latif bin Abdullah, aged 56, a Malaysian, graduated with a Bachelor of Arts (Hons) degree in International Relations from the University of Malaya in 1975, a Master of Science (Marine Law & Policy) degree from the University of Wales, Institute of Science & Technology, United Kingdom in 1981. He attended the Senior Management Development Program from Harvard Business School in 1992. He is also a Member of the Chartered Institute of Logistics & Transport (United Kingdom).

Dato' Abdul Latif was a member of the pioneer team that established the second national shipping line, Perbadanan Nasional Shipping Line Bhd. He is the founder Director and Chairman of Mitsui O.S.K. Lines (Malaysia) Sdn Bhd, and Chairman of Penang Port Sdn Bhd since his appointment by the Minister of Finance on 1 January 2004. He is also currently the Chairman of Efficient E-Solutions Bhd, Chairman of Tamco Corporate Holdings Bhd, and Deputy Chairman of Ekowood International Bhd.

DATUK HAJI FAISYAL BIN DATUK YUSOF HAMDAIN DIEGO

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 8D of Securities Industry Act 1983
Date of Appointment: 9 June 2004

Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego, aged 44, a Malaysian, graduated with a Bachelor of Economics degree from York University, Toronto, Ontario, Canada in 1987.

Datuk Haji Faisyal has been the Treasurer of the Dewan Perniagaan Melayu Malaysia (Sabah) since 1997. He is also currently the Deputy Chairman of KUB Malaysia Bhd, the Executive Chairman of Arus Sutera Sdn Bhd and Director of Perkasa Trading Sdn Bhd.

DATUK AZMAN BIN ABDUL RASHID

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 8D of Securities Industry Act 1983
Date of Appointment: 23 July 2004

Datuk Azman bin Abdul Rashid, aged 58, a Malaysian, graduated with a Bachelor of Economics degree from the University of Malaya in 1972 and a Masters degree in Agriculture Development from the University of Ghent, Belgium in 1983.

Datuk Azman began his career as Assistant Secretary in the Prime Minister's Department from 1972 to 1977 and served as Principal Assistant Director in the Agricultural Policy Section, Ministry of Agriculture Malaysia from 1977 to 1980. He became Deputy State Secretary and Director of the State Planning Unit, Malacca from 1983 to 1986, District Officer of Kuantan from 1986 to 1992, General Manager of Jengka Regional Development Authority from 1992 to 1997, Deputy State Secretary and Director of the State Planning Unit, Pahang in 1997 and the Federal Development Officer in Kelantan under the Implementation Coordination Unit, Prime Minister's Department from 1997 to 2000. He was appointed as the Federal Secretary for Sarawak in 2000 before becoming the Secretary General in the Ministry of Rural & Regional Development from 2002 to 22 June 2004.

DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

Independent Non-Executive Director
Date of Appointment: 10 April 2004

Datin Paduka Siti Sa'diah binti Sheikh Bakir, aged 54, a Malaysian, graduated with a Bachelor of Economics degree from the University of Malaya in 1974.

Datin Paduka Siti Sa'diah has been the Managing Director of KPJ Healthcare Bhd since its inception in 1993. She is also currently the Chairman of 10 subsidiary companies within KPJ Healthcare Bhd group and holds directorship in Kulim (Malaysia) Bhd and Pengurusan Klinik Waqaf An-Nur Bhd. She has also been a Board member of MATRADE since 1999, Chairman of the Audit Committee of MATRADE since 2003, a member of the National Productivity Corporation's Consultative Panel on Healthcare since 2001, a member of the National Patient Safety Council, Ministry of Health since 2003 and has been the President of the Malaysian Society for Quality in Health, an independent, non-profit accrediting body of the healthcare industry since its inception in 1997.

DR. THILLAINATHAN A/L RAMASAMY

Independent Non-Executive Director
Date of Appointment: 10 April 2004

Dr. Thillainathan a/l Ramasamy, aged 62, a Malaysian, graduated with a Bachelor of Arts degree in Economics from the University of Malaya in 1968 and obtained a Master and Doctorate of Economics from the London School of Economics, United Kingdom in 1970 and 1976 respectively.

Dr. Thillainathan was an Associate Professor at University Malaya from 1977 to 1979 and subsequently worked in the banking industry for over 10 years. He served in the National Economic Panel from 1982 to 1987, Anti-Recession Task Force from 1986 to 1987, Task Force on Capital Market Development from 1988 to 1991, Investment Panel of Employees Provident Fund (EPF) from 1988 to 2001, National Economic Consultative Council in 1990 and Majlis Perundingan Ekonomi Negara Kedua (MAPEN II) from 1999 to 2000. Dr. Thillainathan was also the President of the Malaysian Economic Association from 1996 to 2002. He was the Chief Operating Officer of Genting Bhd from 26 November 2002 to 11 September 2006 and its Executive Director since 15 January 2003. He also currently holds directorship in Petronas Dagangan Bhd and other public companies within the Genting Bhd group.

BOARD OF DIRECTORS' PROFILE

DATO' ABDUL WAHID BIN OMAR

Independent Non-Executive Director
Date of Appointment: 10 April 2004

Dato' Abdul Wahid bin Omar, aged 43, a Malaysian, is a member of the Association of Chartered Certified Accountants (United Kingdom) and the Malaysian Institute of Accountants.

Dato' Abdul Wahid is currently the Group Chief Executive Officer of Telekom Malaysia Bhd. He previously served as Director, Group Corporate Services of Amanah Capital, Group Chairman of Amanah Short Deposits Bhd and Director of Alliance Merchant Bank Bhd from 1994 to 2001. Thereafter, he was the Managing Director and Chief Executive Officer of United Engineers (Malaysia) Bhd (UEM) from 1 October 2001 to 30 June 2004. During his tenure at UEM Group, he also served on the Boards of Directors of UEM World Bhd, PLUS Expressways Bhd, UEM Builders Bhd, Pharmaniaga Bhd and certain subsidiaries of UEM. He has been a member of the Lembaga Tabung Haji Investment Panel since September 2001. He also currently holds directorship in VADS Bhd and Celcom (Malaysia) Bhd.

IZHAM BIN YUSOFF

Independent Non-Executive Director
Date of Appointment: 10 April 2004

Izham bin Yusoff, aged 39, a Malaysian, graduated with a Bachelor in Accounting degree from the University of Miami, USA in 1990 and a Master of Business Administration (Accounting & International Business) from the University of Miami, USA in 1991.

Izham began his career with Citibank NA in Miami as Assistant Business Planning & Analysis Manager from January 1992 to June 1992 before joining Procter & Gamble in Singapore as Financial Analysis Manager, Corporate from July 1992 to September 1995. He then joined Citibank Bhd in Malaysia as Financial Controller from October 1995 to November 1996. He was the Corporate Strategy Manager with Maxis Bhd from December 1996 to December 1997, Special Assistant to the Managing Director of EON Bhd from January 1998 to July 2002 and Managing Director of Amanah Raya Bhd from August 2002 to 30 June 2004. He has been the Chief Executive Officer of KUB Malaysia Bhd since 1 July 2004. He also currently holds directorship in KUB Development Bhd.

DATO' SERI HWANG SING LUE

Non-Independent Non-Executive Director
Date of Appointment: 10 April 2004

Dato' Seri Hwang Sing Lue, aged 78, a Malaysian, holds a Diploma from the Faculty of Secretaries of London.

Dato' Seri Hwang is the founder of Hwang-DBS Securities Bhd and has more than 33 years of experience in the securities industry. He has been the Executive Chairman of Hwang-DBS (Malaysia) Bhd since August 1995, and currently sits on the Boards of Directors of Hwang-DBS (Malaysia) Bhd, Hwang-DBS Securities Bhd, Amluck Enterprises Limited and Equity & Property Investment Corporation Limited. Dato' Seri Hwang has been a Committee Member of the Association of Stockbroking Companies of Malaysia since November 2002. He is also actively involved in the rubber industry, holding the position of a Board Member of the Malaysian Rubber Board, an Arbitrator of the Panel of Malaysian Rubber Exchange of Arbitrators and the President of the Federation of Rubber Trade Associations of Malaysia.

CHEAH TEK KUANG

Non-Independent Non-Executive Director
Date of Appointment: 10 April 2004

Cheah Tek Kuang, aged 59, a Malaysian, graduated with a Bachelor of Economics degree from the University of Malaya in 1970. He is a Fellow of the Institute of Bankers Malaysia.

Cheah began his career with the Malaysian Industrial Development Authority from October 1970 to October 1978 and has more than 25 years of experience in the securities and derivatives markets. He has been with AmMerchant Bank Bhd since 1978 and was appointed its Chief Executive Officer and Managing Director in 1994, before becoming its Group Managing Director in 2002. He has been the Group Managing Director of AMMB Holdings Bhd since 1 January 2005. He currently sits on the Boards of Directors of AMMB Holdings Bhd, AmMerchant Bank Bhd, AmBank (Malaysia) Bhd, AmInvestment Group Bhd, AmAssurance Bhd, AmIslamic Bank Bhd and Cagamas Bhd. He is also the Alternate Chairman of Malaysian Investment Banking Association (MIBA).

PETER LEONG TUCK LENG

Non-Independent Non-Executive Director
Date of Appointment: 10 April 2004

Peter Leong Tuck Leng, aged 49, a Malaysian, graduated with a Bachelor degree in Applied Economics in 1981 and a Master of Economics degree from the London School of Economics in 1982.

Peter Leong has more than 26 years of experience in the securities industry, having served as a member of the Exchanges' Listing Committee since 2002, Membership Committee from 2001 to 2003 and Budget & Investment Committee from 2002 to 2003. He is the current Chairman of the Association of Stockbroking Companies of Malaysia.

DATO' YUSLI BIN MOHAMED YUSOFF

Non-Independent Executive Director
Date of Appointment: 10 April 2004

Dato' Yusli bin Mohamed Yusoff, aged 48, a Malaysian, graduated with a Bachelor of Economics from the University of Essex (United Kingdom) in 1981, and is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career in London with Peat Marwick Mitchell & Co from 1982 to 1986. He has held various key positions in a number of public listed and private companies in Malaysia, which activities spanned property and infrastructure development, telecommunications, engineering and merchant banking, before he became the Chief Executive Director of CIMB Securities Sdn Bhd from January 2000 to January 2004. He also served as the Chairman of the Association of Stockbroking Companies in Malaysia from 2003 to 2004. Overall, he has more than 20 years of experience in financial management, risk management and general management. Besides holding directorships in Bursa Malaysia and its group of companies, he also sits on the Board of the Capital Market Development Fund and is an executive committee member of the Financial Reporting Foundation/Malaysian Accounting Standards Board.

DATO' WONG PUAN WAH @ WONG SULONG

Independent Non-Executive Director
Date of Appointment: 1 December 2006

Dato' Wong Puan Wah @ Wong Sulong, aged 59, a Malaysian, graduated with a Bachelor of Science (Hons) in Economics from the University of London in 1972.

Dato' Wong began his career as a cadet journalist with New Straits Times in Kuala Lumpur (KL) in 1966. He joined Australian Broadcasting Corporation (ABC) as a journalist at its KL office in 1969 and was later transferred to ABC Sydney office in 1989 as a Business Correspondent, covering Australian and Asian business news, including producing the program 'Business Weekly' for Radio Australia and News Radio of ABC. Dato' Wong was appointed as Malaysian correspondent for the Financial Times of London between 1970 and 1989. After 27 years of service with ABC, he joined Star Publications (Malaysia) Bhd (Star) in March 1996 as Business Editor and later served as Managing Editor and Deputy Group Chief Editor. He was largely instrumental in the launch of BizWeek Magazine in August 2002. He was appointed Group Chief Editor of the Star in January 2004 and retired from this position on 31 December 2006.

Note:

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia and have not been convicted for any offence within the past 10 years.

CHIEF EXECUTIVE OFFICER'S MESSAGE

DATO' YUSLI BIN MOHAMED YUSOFF

I WANT TO MAKE A SMALL BREAK WITH TRADITION THIS YEAR, AND BEGIN MY REVIEW OF 2006 BY THANKING EVERYONE ON THE TEAM AT BURSA MALAYSIA. THIS IS NORMALLY LEFT TO THE END, WHICH MAKES OUR PEOPLE SEEM LIKE AN AFTER-THOUGHT, AND THEY ARE TOO GOOD FOR THAT.

RUNNING AN EXCHANGE IS LIKE RUNNING ANY MARKET. WE NEED SOUND COMPANIES AND EXCITING PRODUCTS TO ATTRACT INVESTORS, AND WE NEED EFFICIENT SERVICES TO KEEP ALL THOSE WHO USE OUR FACILITIES HAPPY. NONE OF THIS IS OF MUCH VALUE, HOWEVER, UNLESS IT IS FOUNDED ON A CADRE OF DEDICATED PEOPLE, DETERMINED TO MEET THE NEEDS OF OUR SHAREHOLDERS, CUSTOMERS AND OTHER STAKEHOLDERS. WE ARE A SERVICE BUSINESS, AFTER ALL; IT IS WHAT WE DO AND IT IS OUR PURPOSE.

As I look back at what was both a challenging and exciting year, it is especially pleasing to note that it was our service levels and our people which made 2006 a year of achievement. Mainly, it was the vigour, creativity and commitment of our people which made the difference, and they deserve recognition from the outset. I thank you all and I am pleased to be one of you.

Dato' Yusli bin Mohamed Yusoff
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S MESSAGE

ECONOMIC HIGHLIGHTS

Although the external environment throughout 2006 held a number of challenges, the Malaysian economy remained on track to achieve the official 2006 real Gross Domestic Product (GDP) growth target of 5.8%. Key drivers for the economy were the manufacturing and services sectors, which account for 32% and 58% of GDP respectively.

Throughout 2006, the Malaysian economy demonstrated its resilience by maintaining its growth momentum, even as global oil prices climbed higher. Oil futures set a record high of USD78.40 per barrel on 14 July 2006, although prices subsequently declined. Nevertheless, high global oil prices exacted a toll on economies worldwide in terms of higher inflation, including in Malaysia. Taking into account inflationary pressures, among other things, Bank Negara Malaysia raised the Overnight Policy Rate (OPR) twice, once in February and again in April 2006 to its current level of 3.50% eventually.

Since being de-pegged in July 2005, the Ringgit has remained strong. The local currency continues to be backed by the nation's robust economic fundamentals and sizeable foreign reserves of RM290.4 billion (USD82.5 billion) as at end December 2006.

Economic Prospects In 2007

The Outlook for 2007 remains upbeat, well supported by both fiscal and monetary policies. In the year ahead, domestic demand will continue to be a key pillar of growth, buoyed by low interest rates, full employment and rising disposable income. The launch of the Ninth Malaysia Plan (9MP, 2006-2010) and Third Industrial Master Plan (2006-2020) will aid in crystallising longer term national policies to provide greater impetus to economic growth even in the near term. The Government's master plan to develop the Iskandar Development Region and early roll-out of some 9MP projects should lift economic growth in 2007 and jumpstart the domestic construction sector. Combined with Visit Malaysia Year 2007, the local economy can be expected to enjoy broad-based growth going forward.

FINANCIAL PERFORMANCE

Against this background, Bursa Malaysia had an excellent year in terms of financial performance. Let me review some of the highlights.

Total revenue at RM301.9 million (2005: RM257.6 million) was up by 17.2%. Net profit after tax attributable to equity holders of the Company was RM108.1 million (2005: RM77.0 million) and basic earnings per share were 20.9 sen (2005: 15.9 sen), representing an increase of 40.4% and 31.4% respectively.

Cash generated from operating activities net of movements in trade margins increased to RM130.6 million (2005: RM37.1 million). A special dividend of RM104.7 million paid in November 2006 was made possible by the Group's strong growth in turnover, profit for the year and cash flows from operations.

The financial performance of the Group is summarised below:

FINANCIAL RESULTS	**FY06**	**FY05**
		(restated)
RM mil		
Operating revenue	262.1	192.3
Other income	39.8	65.3
Total revenue	301.9	257.6
Total operating expenses	(148.4)	(144.1)
Profit from operations	153.5	113.5
Finance costs	(0.6)	(0.3)
Profit before tax	152.9	113.2
Income tax expense	(44.0)	(32.3)
Profit for the year	**108.9**	**80.9**
Attributable to:		
Equity holders of the Company	108.1	77.0
Minority interest	0.8	3.9
Profit for the year	**108.9**	**80.9**

The profit for FY05 has been restated to reflect the prior year adjustment relating to share options granted under the Employees' Share Option Scheme (ESOS) of RM4.4 million as required under FRS 2 Share-based Payment (FRS 2).

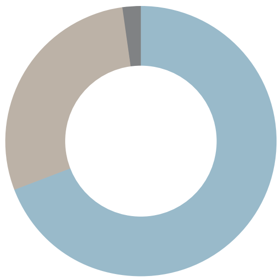
Key Performance Indicators

Overall, we met our KPI targets for 2006. We achieved a Return on Equity (ROE) of 12.8%, exceeding our target of 9.1% - an impressive improvement of 93.9% from our 2005 ROE of 6.6%. We introduced all 10 products and services which we had planned for earlier, including Bursa Trade (Derivatives), RSS/SBL and Bursa Station. On the domestic retail participation, we marginally missed our target and achieved 34.4% against the goal of 35% set earlier. Nevertheless, domestic retail participation has increased by 18.6% from the 29% achieved in 2005.

Operating Revenue

Operating revenue increased 36.3% to RM262.1 million (2005: RM192.3 million), with a strong contribution from trading revenue.

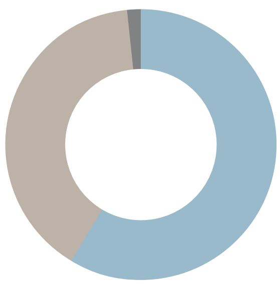
Analysis of Operating Revenue



Operating Revenue 2006
RM262.1 mil

RM million

181.4	Trading Revenue 69.2%
75.6	Stable Revenue 28.8%
5.1	Others 2.0%



Operating Revenue 2005
RM192.3 mil

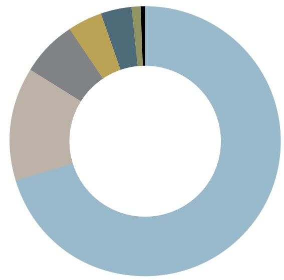
RM million

113.0	Trading Revenue 58.8%
76.5	Stable Revenue 39.8%
2.8	Others 1.4%

Trading Revenue

Trading revenue increased 60.5% to RM181.4 million (2005: RM113.0 million), reflecting the sharp increase in trading activities on both the equity and derivatives markets.

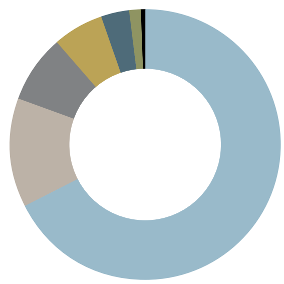
Analysis of Trading Revenue



Trading Revenue 2006
RM181.4 mil

RM million

Equity Market	
127.6	Securities Clearing Fees
12.5	SCORE Fees
7.3	ISS Fees
0.8	Buying-in Commission
Derivatives Market	
24.6	Derivatives Trade Fees
6.6	Derivatives Clearing Fees
2.0	Guarantee & Tender Fees



Trading Revenue 2005
RM113.0 mil

RM million

Equity Market	
76.4	Securities Clearing Fees
8.9	SCORE Fees
6.9	ISS Fees
0.6	Buying-in Commission
Derivatives Market	
14.9	Derivatives Trade Fees
4.0	Derivatives Clearing Fees
1.3	Guarantee & Tender Fees

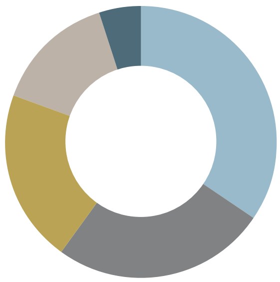
Trading revenue from the equity market increased 59.7% to RM148.2 million (2005: RM92.8 million), and represented 56.5% of operating revenue. The increase was mainly due to a marked improvement of 38.1% in total trading value (for both on-market and direct business) to RM277.8 billion (2005: RM201.1 billion) and higher gross effective clearing fee rate for on-market trades of 0.0302% (2005: 0.0255%).

Trading revenue from the derivatives market increased 64.4% to RM33.2 million (2005: RM20.2 million), and represented 12.7% of operating revenue, reflecting a 61.5% increase in the number of derivatives contracts traded to 4.2 million (2005: 2.6 million), mainly due to strong growth in Crude Palm Oil Futures (FCPO) and Kuala Lumpur Composite Index Futures (FKLI) contracts.

Stable Revenue

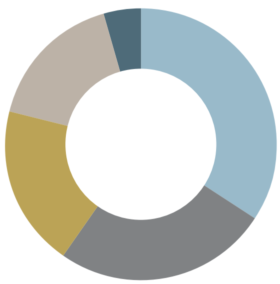
Stable revenue decreased 1.2% to RM75.6 million (2005: RM76.5 million).

Analysis of Stable Revenue



Stable Revenue 2006
RM75.6 mil

RM million	
26.1	Depository Services
19.4	Information Services
15.5	Broker Services
10.9	Listing Fees
3.7	Participants' Fees



Stable Revenue 2005
RM76.5 mil

RM million	
26.3	Depository Services
19.4	Information Services
14.8	Broker Services
12.6	Listing Fees
3.4	Participants' Fees

The decrease was mainly due to reduced listing fees, which declined 13.5% to RM10.9 million (2005: RM12.6 million). Additional listing fees decreased 26.0% to RM3.7 million (2005: RM5.0 million) because of fewer corporate exercises. Initial listing fees shrank 45.5% to RM0.6 million (2005: RM1.1 million) due to the drop in number of new listings to 40 (2005: 79), while annual listing fees remained relatively stable at RM6.6 million (2005: RM6.5 million).

Revenue from broker services rose by 4.7% to RM15.5 million (2005: RM14.8 million), primarily due to an increase in the rental of data communication equipment by Participating Organisations (POs) following the introduction of 5 foreign POs in the Malaysian market.

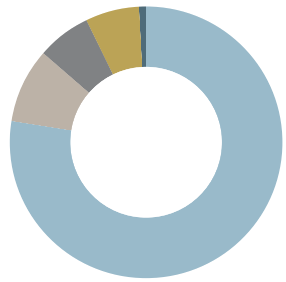
Revenue from depository services, information services and participants' fees remained relatively stable.

Other Operating Revenue

Other operating revenue increased 85.7% to RM5.2 million (2005: RM2.8 million), mainly due to higher perusal and processing fees.

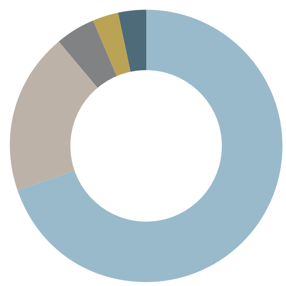
Other Income

Analysis of Other Income



Other Income 2006
RM39.8 mil

RM million	
31.0	Interest Income
3.5	Net Gain on Disposal of Investment
2.4	Conference & Expo Income
0.3	Net Gain of Disposal of PPE
2.6	Others



Other Income 2005
RM65.3 mil

RM million	
45.7	Interest Income
12.5	Net Gain on Disposal of Investment
2.1	Net Gain of Disposal of PPE
1.9	Conference & Expo Income
3.1	Others

Other income decreased 39.1% to RM39.8 million (2005: RM65.3 million), mainly due to lower investment income, comprising interest income and net gain on disposal of investment. Interest income decreased 32.2% to RM31.0 million (2005: RM45.7 million) due to a smaller pool of funds available for investment following the capital reduction exercise of RM416.0 million in December 2005, the acquisition of the remaining 25% of Bursa Malaysia Depository Sdn Bhd for RM35.6 million in March 2006 and the payment of the special dividend of RM104.7 million in November 2006. The net gain on disposal of investments declined 72% to RM3.5 million (2005: RM12.5 million), as a significant amount of bonds were disposed of in 2005 to fund that year's capital repayment.

Operating Expenses

Total operating expenses increased 3.0% to RM148.4 million (2005: RM144.1 million).

Analysis of Operating Expenses

Operating Expenses 2006
RM148.4 mil

RM million

77.7	Staff Cost
16.0	Depreciation & Amortisation
54.7	Other Operating Expenses

Operating Expenses 2005
RM144.1 mil

RM million

71.2	Staff Cost
13.3	Depreciation & Amortisation
59.6	Other Operating Expenses

Staff costs

Staff costs increased by 9.1% to RM77.7 million (2005: RM71.2 million) mainly due to the increase in the number of staff and annual salary increments.

Depreciation and amortisation

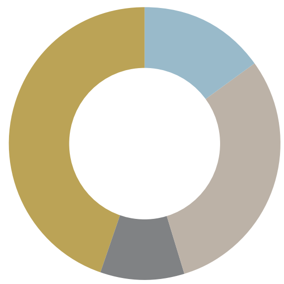
Depreciation of property, plant and equipment and amortisation of computer software (intangible asset) collectively increased by 20.3% to RM16.0 million (2005: RM13.3 million). Depreciation and amortisation of IT assets increased 52.7% to RM8.4 million (2005: RM5.5 million) mainly due to the acquisition of several major IT assets and the implementation of new systems during the year.

As at 31 December 2006, the Group has RM24.2 million of IT assets categorised as work-in-progress. Depreciation and amortisation on these assets is expected to commence in the 4th quarter of 2007 upon completion of the relevant projects.

Other Operating Expenses

Other operating expenses decreased 8.2% to RM54.7 million (2005: RM59.6 million).

Analysis of Other Operating Expenses



Other Operating Expenses 2006
RM54.7 mil

RM million

16.5	Technology Cost
8.3	Building Management Cost
5.5	Market Devt, Promotions & Travel
24.4	Others

Other Operating Expenses 2005
RM59.6 mil

RM million

15.6	Technology Cost
8.4	Building Management Cost
6.8	Market Devt, Promotions & Travel
28.8	Others

The decrease was mainly due to:
- the cessation of amortisation of goodwill amounting to RM3.0 million following the introduction of the new FRSs at the start of the year; and
- reduction in the cost of leased lines, CDS postage & consumables, printing & stationery and other general administrative costs resulting from cost efficiency measures.

The decrease was partially offset by:
- an increase in IT upkeep and maintenance by 5.8% to RM16.5 million (2005: RM15.6 million) mainly due to additional maintenance expenses incurred for Bursa Trade hardware.

Taxation

The Group's effective tax rate (ETR) for 2006 was 28.8% (2005: 28%). The higher ETR for 2006 is mainly due to the expiry of tax exempt status accorded to a subsidiary and a higher amount of non-tax deductible expenses.

Capital Expenditure

During financial year 2006, the Group incurred RM10.5 million in capital expenditure. A total of RM34.2 million of capital commitment had been approved and contracted for by the Group as at 31 December 2006. As the core business operations of the Group are IT driven, more than 90% of the Group's capital expenditure and commitments were for computer equipment.

Financial Resources and Liquidity

As at 31 December 2006, total financial resources available for use were RM493.5 million (2005: RM540.3 million), of which RM85.0 million has been earmarked for the Clearing Guarantee Fund (CGF), which was established in 2006.

The decline in total financial resources available for use by 8.7%, or RM46.8 million, was due to the acquisition of the remaining 25% in Bursa Malaysia Depository Sdn Bhd and total dividend payouts of RM188.4 million during 2006. The impact of these payments on the Group's total financial resources available for use was offset largely by cash inflows from operating activities net of movements in trade margins of RM130.6 million and proceeds of RM63.6 million from disposal of investments during the year.

Total financial resources, however, are sufficient to meet the Group's future working capital and capital expenditure requirements. In addition, the Group has RM1.5 billion credit facilities available for trade settlement and other contingency purposes. The Group had no borrowings other than two interest-free unsecured loans from the Government of Malaysia totalling RM0.7 million as at 31 December 2006.

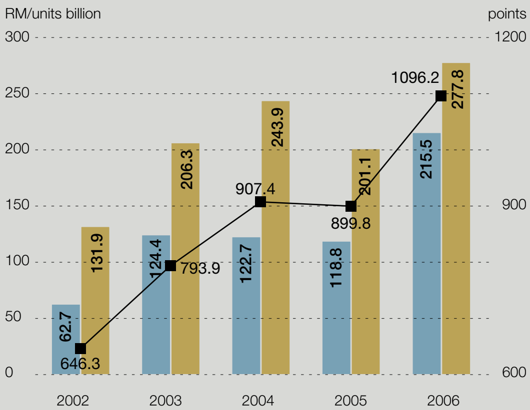
Rewarding Shareholders

During the year, Bursa Malaysia announced a gross special dividend of 28 sen per share, amounting to RM104.7 million which was paid on 30 November 2006. The special dividend represents a significant step towards a more efficient capital structure and builds on Bursa Malaysia's track record of good capital management.

For the financial year ended 2006, a gross final dividend of 14 sen per share will be proposed for shareholders' approval. If approved, the total gross ordinary dividend declared in respect of the financial year is 26.5 sen per share (2005: 20 sen per share).

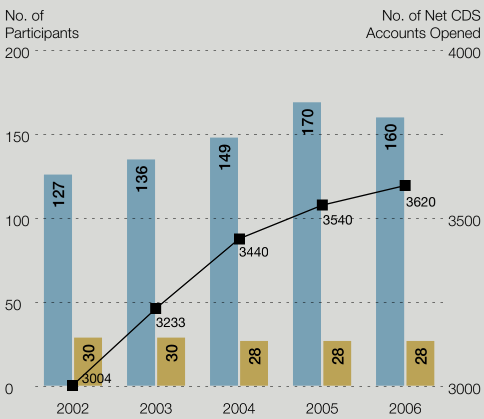
The ongoing capital management initiatives have resulted in a leaner balance sheet, and a reduction of shareholders' funds by RM73.6 million to RM809.4 million as at 31 December 2006, which contributes to the improvement in Bursa Malaysia's ROE to 12.8%. Coupled with the good performance of Bursa Malaysia's share price on the stock market, the total shareholders' returns (including the proposed final dividend) for the financial year 2006 were 131%.

CHIEF EXECUTIVE OFFICER'S MESSAGE



Equities Trade

Volume
Value
KLCI



No. of ADMs (incl. branches)
No. of ADAs (incl. branches)
Net no. of CDS accounts opened ('000)

THE MARKETS

In 2006, both the equities and derivative markets posted sterling performances. Strong gains in the Kuala Lumpur Composite Index (KLCI) index were led by heavyweights, and trading of the Crude Palm Oil futures (FCPO) contract was very active, as CPO prices recorded new highs.

The KLCI ended the year at 1096.2, up 196.5 points from 899.8, recorded at the end of 2005. The KLCI reached the year high of 1101.70 points on 11 December 2006. Bursa Malaysia's market capitalisation also recorded a 10-year high of RM848.7 billion compared with RM806.9 billion achieved in 1996. Annual securities turnover touched 215.4 billion units, an increase of 81.3% compared to 2005. Contributing to the bullish market environment in the second half of the year were positive internal and external factors which included lower crude oil prices, steady key US interest rates after 2 years of continuous rises, roll-out of infrastructure and economic plans, bio-diesel initiatives and growing merger and acquisition moves involving listed companies. Active foreign buying in large cap KLCI stocks underpinned the strong KLCI gains in the last quarter of 2006.

Total trading value of the equity market which comprises On Market Transactions (OMT) and Direct Business Transactions (DBT) increased from RM201.1 billion in 2005 to RM277.8 billion in 2006 which is a 10-year high. This is equivalent to an average daily trading value of RM1,129.2 million in 2006 compared to RM814 million in 2005.

Foreign trades made up 34% of total trading in 2006, a decrease of 3% from 37% recorded in 2005.

To further provide confidence to the marketplace, Bursa Malaysia implemented its Clearing Guarantee Fund (CGF) on 1 July 2006. The purpose of the CGF is to provide the clearing house, Bursa Malaysia Securities Clearing with the financial resources to manage defaults by its trading clearing participants.

Bursa Malaysia Depository, which supports share trading activities, continued to register growth in the number of securities immobilised through the increase in IPOs and the number of new CDS accounts opened.

Following the liberalisation of CDS accounts in October 2005 which allows greater flexibility on trading and account management via omnibus accounts, the number of omnibus accounts opened increased from 252 as at end-2005, to 657 as at end-2006. With these measures, Bursa Malaysia is now one of the few stock exchanges in the world with practices that align with the IOSCO's May 2004 Principles on Client Identification and Beneficial Ownership for the securities industry. The principles provide, amongst others, guidance on 'client due diligence' processes that securities firms should employ and the need to maintain appropriate records of information.

The migration from segregated CDS accounts to omnibus accounts is also likely to have contributed to the increased average rate of account closure resulting in only a marginal increase of 2.3% in the net number of CDS accounts opened as at 2006.

Several Authorised Depository Agents (ADA) branches were closed due to on-going rationalisation of business. The number of ADAs (including branches) declined from 170 in 2005 to 160 in 2006. However, there was no change in the number of Authorised Direct Members (ADM) (including branches).

The majority of the counters prescribed into CDS in 2006 were mainly MESDAQ Market IPOs which totaled 22 as compared to 11 Main Board and 7 Second Board. The 40 IPOs in 2006 was half that of 2005, when there were 79 IPOs. The number of corporate exercises reduced by 53.3%, from 150 corporate exercises in 2005.

As a result of the slowdown in fund raising activities, the number of Record Of Depositors (ROD) produced has decreased by 4.5% from 22,000 ROD to 21,000 ROD when compared with last year.

The Derivatives Market saw new record highs for the daily number of the FKLI and FCPO contracts traded, as well as open interest on both contracts. There was a total of 4.2 million derivatives contracts traded in 2006 representing a robust growth of 68% over the 2.5 million contracts traded in 2005. This was mainly due to the significant increase in the turnover of FKLI and FCPO, where volume represented 39.1% and 53.6% respectively of total derivatives contracts traded for 2006. The average daily volume for 2006 rose to 16,914 contracts per day, which is significantly higher than the 2005 average daily volume of 9,958 contracts.

In 2006, the total number of contracts traded for FKLI was 1.6 million contracts, averaging 6,618 contracts per day, compared with the average daily trading volume of 4,500 contracts in 2005. On 28 November 2006, FKLI trading volume reached a new record high of 28,591 contracts. The FKLI open interest reached a historical high of 45,752 contracts on 29 November 2006.

The performance of the FCPO contract was outstanding, with a total of 2.2 million contracts traded in 2006, against 1.2 million contracts in 2005. FCPO achieved a daily average trading volume of 9,066 contracts, an increase of 93.3% from the 2005 average daily volume of 4,690 contracts. New records for volume and open interest were consistently reached in the 2nd half of 2006. A new record daily volume of 28,010 contracts was recorded on 17 November 2006. The total FCPO monthly volume for November 2006 also reached a historical high of 360,870 contracts. The highest open interest of 90,054 FCPO contracts was recorded on 8 November 2006. Increased trading in FCPO was driven by the entry of new players in the market and the increased interest in the contract as a result of the use of CPO as bio-diesel. The increase of position limits in early July 2006 also served as a catalyst in increasing volume and open interest.

In line with the overall increase in open positions, the average daily margin requirement also increased from RM161 million to RM231 million, representing an increase of approximately 43%.

The Clearing and Settlement system was successfully rehosted to a common web-based infrastructure platform in August 2006, and the Central Depository System (CDS) was migrated to the same platform by the end of 2006. This allows Bursa Malaysia to better leverage on enhancement efforts that include cross-border linkages, as well as offer improved operational efficiencies to intermediaries linked to its systems.

Bursa Malaysia Depository is finalising the Share Splits and Bonus Exercises in CDS (SPEEDS) where investors and issuers will benefit from shorter time to market for bonus issue, share split and share consolidation. Bursa Malaysia Securities Clearing has rolled out the SBL facility which facilitated the RSS selling to the Malaysian equity market leading into the new year.

BUSINESS DEVELOPMENT AND MARKET PROMOTION

SSF was the major product launch of 2006. 10 SSFs commenced trading on 28 April, covering Air Asia Bhd, AMMB Holding Bhd, Berjaya Sports Toto Bhd, Bursa Malaysia Bhd, Genting Bhd, IOI Corporation Bhd, Maxis Communications Bhd, RHB Capital Bhd, SCOMI Bhd, and TM Bhd.

In February, the 17th Annual Palm & Lauric Oils Conference & Exhibition was held in Kuala Lumpur. The event was attended by over 1,400 delegates from the full spectrum of the edible oils industry worldwide, and has become a 'must attend' for market participants.

The CMDF Bursa Research Scheme (CBRS), which commenced in January 2005, now has one third of the PLCs participating in the scheme. In 2006, we focused on promoting the availability of free research reports to the investing public. To add value for participating companies, we took CBRS offshore via a one day seminar in Singapore targeted at retail investors. More than 500 people attended the seminar and 8 companies were showcased. This is also a step towards encouraging Singapore investors to include companies listed on Bursa Malaysia in their investment options. The scheme expires in June 2007 and we plan to evaluate the success of the CBRS before deciding on its future progress.

In equities marketing, Bursa Malaysia continued its proactive efforts to promote the Malaysian capital market to institutional investors around the world, as well as encouraging fundamental investing and product awareness amongst retail investors.

In 2006, these activities included:

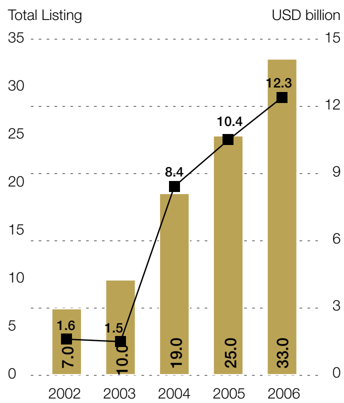
A Invest Malaysia 2006 (IM06), 22-24 March 2006
The second Invest Malaysia conference was organised jointly with CIMB and UBS. IM06 succeeded in profiling over 32 selected Malaysian corporations to over 500 institutional investors representing some 70 local and 100 foreign organisations. Apart from the corporate presentations and plenary sessions, a total of over 150 one-on-one and small group meetings were held during the event. At IM06, one of the highlights was the announcement by the Prime Minister of Malaysia of the reintroduction of RSS/SBL. Bursa Malaysia continues to strive towards building and branding Invest Malaysia as the premier annual conference on the Malaysian capital market. Invest Malaysia 2007 will be held on 21-23 March 2007.

B Securities Commission (SC) - Bursa Malaysia Investor Awareness Roadshow 2006
The SC - Bursa Malaysia Investor Awareness Roadshow 2006, a series of 8 nationwide roadshows jointly organised with the SC, was held over 3-month period from November 2006 to January 2007. The primary objective of the roadshow is to promote retail participation in the securities market based on fundamental investing.

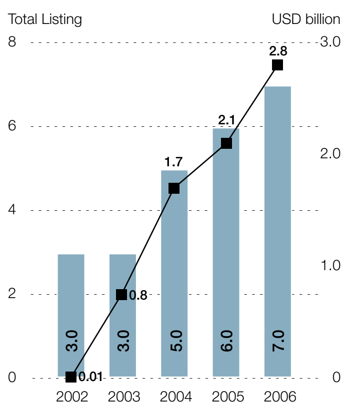
C Remisier Briefing 2006
The Remisier Briefing 2006, a series of briefing sessions at 6 locations nationwide, was held over a 2-month period from November - December 2006. The primary objective of the briefings was to raise awareness amongst participating organisations and dealers' representatives of the equity Exchange Trade Fund (ETF), which is expected to be listed on Bursa Malaysia early in 2007. In addition, the briefings were used to promote other products and services to dealer representatives/remisiers, such as the FTSE-Bursa Malaysia Index Series, the Bursa Station and the CBRS, which provide the necessary tools for greater knowledge-based and fundamental investing and trading activities in the retail market segment.

The Labuan International Financial Exchange (LFX) recorded 6 new listings in 2006, bringing the total of listings to 40. New listings for the year included Sukuks and Bonds issued by domestic issuers and Government-Linked Companies (GLCs). Amongst the notable issues was the Khazanah Exchangeable Sukuk worth USD750 million. It is the world's first exchangeable sukuk. The market capitalisation of LFX stood at USD15.1 billion, as at 31 December 2006.

Internally, the major challenge for LFX in 2006 was business turnaround. This was achieved through relocation of the LFX server to Kuala Lumpur and downsizing of the Labuan office. The relocation of the server offers future opportunities for LFX to benefit from synergies within Bursa Malaysia.



LFX Listed Instruments and Market Capitalisation - Conventional



LFX Listed Instruments and Market Capitalisation - Islamic

Islamic Capital Market (ICM) development attracted much attention in 2006. In consultation with the ICM Consultative Panel, the Bursa Malaysia Islamic Capital Market Roadmap (2006-2012) was formulated. This roadmap will serve as a template to achieve the Bursa Malaysia ICM vision of being a premier Islamic Capital Market solutions provider through its products and services.

Discussion on ICM market development was very active with the launch of Malaysia as an Islamic Finance Centre (MIFC) on 14 August 2006 by the Governor of Bank Negara. Several initiatives were announced to position Malaysia as the centre of origination, issuance and trading of Islamic Securities and Instruments, Islamic Fund and Wealth Management products, Takaful and Retakaful. The 2007 Budget also provided tax incentives, designed to provide support to MIFC initiatives.

Bursa Malaysia ICM is an active member of the Working Committee of the MIFC Secretariat. ICM is leading the development of the Islamic Stock Broking Framework and is a key member of the committee to introduce Commodity Murabahah as a new instrument for liquidity management within Islamic Financial Institutions. The process of developing new initiatives will continue into 2007.

Apart from MIFC linked initiatives, ICM also contributed towards the FTSE Bursa Malaysia Shariah Indices project.

In 2006, the number of Syariah Compliant Stocks increased to 859 with market capitalisation as at year end of RM545 billion, some 64% of the total Bursa Malaysia market capitalisation.

Global Markets was established as a division of Bursa Malaysia in 2006. The primary objective of Global Markets is to enhance the credibility of Bursa Malaysia's equity and derivative products and broaden international access to these products. To this end, Bursa Malaysia has undertaken a number of business initiatives.

Licensing of Bursa Malaysia's Crude Palm Oil Futures Settlement Prices to Foreign Exchanges is the principle thrust so far. During the year, Bursa Malaysia signed a licensing agreement with the Multi Commodity Exchange of India (MCX) which intends to launch its crude palm oil futures contract in early 2007. Bursa Malaysia is also in negotiations with other regional exchanges to explore the possibility of licensing its crude palm oil futures contract prices to these Exchanges.

As part of this effort, and to forge closer ties with the Dalian Commodity Exchange, Bursa Malaysia organised the China International Oilseed & Oil Conference (CIOC) in Beijing, China in October 2006. Over 400 delegates and speakers attended, drawn from a wide international audience.

INFORMATION SERVICES

The intellectual property rights of Bursa Malaysia's Market Information are managed by the Information Services Business Unit (ISBU), through the Information Services Licence Agreement. Foreign and local parties are subscribers to our information services, and ISBU continually reviews its products and services to meet their changing requirements.

Licensing fees for Bursa Malaysia Market Information for the staple products of real time, delayed and end-of-day information contribute over 80% of ISBU's revenue. The majority of Bursa Malaysia Market Information subscribers are information vendors and financial institutions which process and disseminate information to their clients. During the year subscriber numbers rose by 34% while the number of investors worldwide viewing Bursa Malaysia's real time data via terminals increased by 26%, indicating increased interest in Bursa Malaysia's market information.

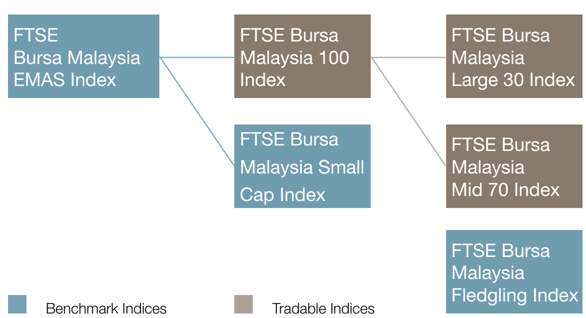
In 2006, the main initiatives successfully implemented by ISBU were as follows:

A Bursa Station

On 24 April 2006 Bursa Station was launched. Bursa Station is a web-based solution which provides real time market data, news and charting functionalities. Subscribers find it a user friendly tool which offers access to real time data at an affordable price, with fundamental analytical trading tools and portfolio management capabilities.

B FTSE Bursa Malaysia Index Series

On 26 June 2006 the joint venture between Bursa Malaysia and FTSE saw 6 new FTSE Bursa Malaysia indices introduced to the global capital market.



The performance of the 3 main FTSE Bursa Malaysia Indices (FTSE Bursa Malaysia EMAS, FTSE Bursa Malaysia 100 and FTSE Bursa Malaysia Large 30) has been positive since inception, in line with market sentiment. The main indices have grown by more than 20% since they were launched.

The new indices use the internationally accepted FTSE methodology which includes the establishment of index standards encompassing independent committee governance, liquidity screening, free float adjustment and the FTSE Dow Jones Industry Classification Benchmark (ICB), thereby creating a transparent process which is easily followed by investors. Bursa Malaysia will continue to convert the remaining indices, namely the Shariah Index, Second Board Index, MESDAQ Market Index and all sectoral indices onto FTSE methodology in order to ensure that these indices are investable and easy to track. Bursa Malaysia will also consider expanding the FTSE Bursa Malaysia Index series as a further enhancement to its index based products, thus creating new investment opportunities for the capital market.

C Investor Relations Portal

On 7 September 2006, in line with our initiative to enhance good investor relations by PLCs, Bursa Malaysia Information Sdn Bhd entered into an agreement with Cyber Village Sdn Bhd and ShareInvestor.Com Holdings Pte Ltd to develop an Investor Relations Portal for PLCs listed on Bursa Malaysia Securities Berhad. This portal enables shareholders, stakeholders and investors to obtain the corporate data of PLCs via a single platform. The same portal provides PLCs with an option to interact with their stakeholders by allowing PLCs to effectively manage and disseminate their corporate information on a timely basis via the internet.

RULES, REGULATIONS & ENFORCEMENT

As a front-line regulator in a dynamic and competitive market, Bursa Malaysia has to ensure that all those participating in the Malaysian stock market can do so in confidence. Fairness, orderliness and transparency are keystones of confidence, and together they strengthen the reputation of Bursa Malaysia for operating with the highest integrity.

During 2006, various amendments were made to the Listing Requirements for the Main Board and Second Board (LR) and MESDAQ Market Listing Requirements (MMLR) as part of Bursa Malaysia Securities' continuous efforts to enhance investor protection under its regulatory framework. With the same purpose, other changes were made to our business rules. The key items are described below.

Enhanced corporate disclosure and transparency

i Revamped MESDAQ Market Listing Requirements
Bursa Malaysia undertook a revamp of the MMLR which was launched in 8 May 2006. Amongst other changes, the disclosure framework has been strengthened and made more comprehensive by:

- Incorporating an improved version of the Corporate Disclosure Policy as rules;
- Imposing a stricter standard of disclosure for announcements;
- Prescribing a specific standard of disclosure for circulars;
- Prescribing and enhancing the minimum content of announcements and circulars for certain types of events such as new issues of securities and transactions;
- Requiring specific disclosures of dealings in securities by the MESDAQ company; and
- Enhancing the prescribed minimum contents for annual reports.

ii Enhancement of quality of disclosures in circulars and announcements
Amendments were made to the LR and MMLR to enhance disclosures in announcements and circulars for new issues of securities and transactions. The key amendment in this respect includes the removal of the requirement to issue an information circular for non-related party transactions which trigger a percentage ratio of 15% or more but is less than 25%. Instead, listed companies will now be required to make an enhanced announcement and despatch a copy of the announcement to shareholders.

iii Enhancement of the continuing disclosure obligations
Amendments were made to the LR and MMLR to provide greater clarity to the current continuing disclosure obligations and also to enhance the quality and form of disclosure of material information provided to the market place. One of the key enhancements in this respect is to impose additional immediate and periodic disclosure obligations in relation to the issuance of internal management targets or aspirations, prospects and revenue or profit estimates, forecasts or projections.

iv Requirements pertaining to public shareholding spread
Amendments were made to the LR and MMLR to include imposition of additional disclosure requirements and prescription of the content of announcements pertaining to non-compliance of public shareholding spread requirements by listed companies, and also to prescribe the content of applications for extension of time to comply with such requirements and the acceptance of lower percentage of public shareholding spread. In addition, the amendments provide clarity as to the circumstances when suspensions would be imposed.

Enhanced corporate governance framework

i Revamped MMLR
The revamped MMLR contains a strengthened framework for corporate governance which seeks to improve the level of corporate governance in MESDAQ companies by mandating MESDAQ companies to comply with certain minimum corporate governance standards. An important enhancement is the introduction of the Malaysian Code on Corporate Governance into the revamped MMLR.

ii Amendments to the LR and MMLR in relation to CSR
In order to inculcate the culture of CSR, listed companies are required to disclose their CSR activities, via a statement in their annual reports. The LR and MMLR have been amended accordingly.

iii Amendments to the LR in relation to provision of financial assistance for Main Board and Second Board companies
The amendments are aimed at enhancing the disclosure practices among listed companies undertaking money-lending activities and strengthening investor protection. The key amendments require:

- Listed companies undertaking moneylending activities to make additional disclosure (which includes quarterly announcements on the details of these moneylending activities) within 7 market days after the end of each quarter; and
- Directors of these listed companies to institute adequate policies and procedures on moneylending, such as maintaining clear and sound credit-granting standards, monitoring and control of credit risk and timely identification and administration of problem credits.

Enhanced continuing listing obligations

i Revamped MMLR

Via the revamped MMLR, several post listing obligations have been enhanced significantly, to accord better investor protection and instil greater investor confidence in MESDAQ companies. Such obligations include restrictions in the right of MESDAQ companies to provide financial assistance, a requirement for shareholder approval before materially diluting their interests in a principal subsidiary or before listing their subsidiaries on any stock exchange, a requirement for the requisite minimum issued and paid-up capital to be maintained throughout their listing on Bursa Malaysia Securities and to ensure an objective and higher level of public shareholding spread throughout their listing.

ii Amendments to the LR and MMLR in relation to transactions and related party transactions

Subsequent to the amendments introduced in November 2005, further review was undertaken based on, amongst others, industry feedback. Arising from the review, amendments were issued in relation to obligations pertaining to transactions to reflect current market developments, and to ensure changes that would better reflect and address any potential conflicts of interest. The amendments include changes to the definitions of major shareholders and directors, introduction of a minimum threshold before the obligations to make immediate announcement and seek shareholders' approval are triggered, and further expansion of such related party transactions which are exempted from complying with the related party transaction requirements.

Enhanced requirements to ensure quality of companies listed on Bursa Malaysia Securities

i Revamped MMLR

Under the revamped MMLR, MESDAQ companies must now focus on their financial health and, when necessary, take expeditious steps to restore their financial condition to an acceptable level. This will necessitate affected MESDAQ companies undertaking a comprehensive plan to regularise their condition, failing which they risk suspension and de-listing.

ii New De-listing Framework

To expedite the restructuring efforts of financially distressed listed issuers and those with inadequate levels of operations, and to ensure that PLCs commence restructuring early before their condition worsens, and undertake more meaningful restructuring in an expeditious manner resulting in sustainable financial health, the following changes were introduced:

- The criteria for classification as a PN17 company (i.e. a listed issuer that is subjected to the obligations under Amended PN17) have been made more stringent, and several new criteria have been introduced.

- All restructuring plans undertaken by PN17 companies and the cash companies (i.e. those which fall within the ambit of Amended PN16) are to fall within section 32 of the Securities Commission Act 1993, which requires SC approval to be procured.

iii Requirements in relation to Bonus Issues and Sub-Division of Shares

A key amendment was introduced so that listed companies are no longer allowed to undertake a bonus issue where the listed companies' accumulated losses exceed the reserves to be capitalised for the bonus issue. This will ensure that only listed companies with sufficient funds can undertake bonus issues.

Enhanced operational efficiency

i Revamped MMLR

Under the revamped MMLR, the following changes were effected to enhance operational efficiency:

- Exemption from procuring Bursa Malaysia Securities' approval for amendments to their articles of association and other specified documents;
- Flexibility in issuing annual reports in the form of CD-ROM;
- Fixing a timeframe for allotment of securities pursuant to an exercise of ESOS or conversion of convertible securities to ensure speedy allotment of securities;
- Requiring shareholder approval for issuance of securities to only substantial shareholders and persons connected with them and not any shareholder, regardless of its shareholdings.

ii Amendments in relation to cessation of consultation with SC on certain de-listing matters

With a view to expedite certain de-listing actions, Bursa Malaysia Securities made amendments to the LR and MMLR to allow certain de-listings to be undertaken without the necessity to consult the SC. In such circumstances, the SC will be notified of the de-listings.

iii Rights Issue Framework

Previously, the time taken from the announcement of a proposed rights issue to the listing of the rights securities was generally about 7 to 9 months. This includes an average of 53 market days from the announcement of books closing date until the listing of rights securities on Bursa Malaysia Securities. With the changes to LR and MMLR, among others, a rights issue can now be completed within 33 market days from the date of announcement of the books closing date, representing a reduction of about 37.7%.

iv Shorter Notice of Books Closing Date

The amended LR and MMLR now requires the announcement of the books closing date to be at least 10 market days from the books closing date. This represents a reduction of 3 market days from the current 13 market days for announcement of books closing date.

v Shorter Timeframe For Application Of Quotation of Securities

The time frame for listing and quotation of all new issues of securities pursuant to changes to Chapter 6 of the LR and MMLR has been reduced by 1 market day, i.e. from 2 clear market days to 2 market days after receipt of the application for quotation together with the requisite documents and/or confirmations and the same have been found to be complete in all respects.

vi Outsourcing of Back Office Functions by Market Intermediaries

Changes were made to the Rules of Bursa Malaysia Securities, Bursa Malaysia Derivatives, Bursa Malaysia Securities Clearing, Bursa Malaysia Derivatives Clearing and Bursa Malaysia Depository to allow for market intermediaries to outsource their back office functions to a service provider, in light of the SC's guidelines i.e. 'Guiding Principles for Outsourcing of Back Office Functions for Capital Market Intermediaries'.

vii Reporting Requirement of Trading Participants and Associate Participants – Surveillance

Reporting requirements on the amount of open positions held by Trading Participants and Associate Participants and their clients when the open positions held reach certain reporting levels were removed to eliminate redundant reporting.

Enhanced enforcement framework

i Revamped MMLR

Under the revamped MMLR the following changes were effected to enhance enforcement framework:

- Directors providing information to their MESDAQ companies must ensure that such information is complete and accurate; and
- The type of penalties that may be imposed for failure to comply with directions by Bursa Malaysia Securities has been expanded.

Enhanced quality and variety of products and services

i Revised position limits for FCPO

The Rules of Bursa Malaysia Derivatives were amended to provide for the upward revision of the speculative position limits of FCPO in respect of any one delivery month (except for spot month) and all contract months combined.

ii Enhancement of contract grade for FCPO

Amendments were made to the Rules of Bursa Malaysia Derivatives to enhance the contract grade for FCPO, to include specific requirements pertaining to the Deterioration of Bleachability Index (DOBI) value of crude palm oil that is delivered into Port Tank Installations.

iii Rationalisation of financial requirements

Amendments were made to the Rules of Bursa Malaysia Derivatives Clearing to state that the minimum financial requirements contained in the Rules shall not apply to a general clearing participant who is a Participating Organisation, and complies with the capital adequacy requirements imposed by Bursa Malaysia Derivatives.

iv Expansion of Activities of Participating Organisations

Amendments were made to the Rules of Bursa Malaysia Securities to broaden the scope of business activities that can be undertaken by Participating Organisations to include corporate finance activities, financial planning activities, access to the money market, structured products, structured warrants and futures broking activities, subject to the relevant qualifications prescribed therein.

v Removal of location of Corporate Finance Activities on different Floors

Amendments were made to the Rules of Bursa Malaysia Securities to remove the prohibition on corporate finance activities from being located on the same floor as other business activities of the Participating Organisation (provided proper 'Chinese wall' policies are in place), and the removal of the requirement for registration of corporate finance executives. This provides the Participating Organisation with greater flexibility in the management of their business activities in relation to corporate finance.

vi Establishment of branch offices by Non Universal Brokers

The Rules and relevant directives of Bursa Malaysia Securities were amended to allow for Non Universal Brokers which have merged with or acquired and surrendered to the SC the license of at least one other Participating Organisation, to establish an unlimited number of branch offices, Electronic Access Facilities and Electronic Access Facilities with Permitted Activities. Previously the number of branch offices, Electronic Access Facilities and Electronic Access Facilities with Permitted Activities that can be established by the above Non Universal Brokers were limited to 4.

vii Conversion of Electronic Access Facilities with Permitted Activities (EAF-PA) to Branch Office

Amendments were made to the Rules of Bursa Malaysia Securities to automatically convert all EAF-PAs established by Participating Organisations to branch offices. With this conversion, the location of an EAF-PA can now offer a full range of services that can be offered by a branch office.

viii ABF Malaysia Bond Index Fund (ABFMY1)

To encourage trading in ABFMY1, the following changes were made to the Rules of Bursa Malaysia Securities:

- The upper and lower price limit for ABFMY1 trading at any Reference price is fixed at 30 sen above and/below the Reference price respectively and does not follow the current price limits applicable to all other securities trading on Bursa Malaysia Securities; and
- A separate scheme of brokerage fees in relation to ABFMY1.

ix Disclosure of Information on Volume and Value of Securities Traded (including Direct Business Transactions) by Participating Organisations

Changes to the Rules of Bursa Malaysia Securities were made to allow for disclosure of information on volume and value of securities traded by each Participating Organisation to the public, to stimulate competition amongst Participating Organisations.

x Margin Financing Requirements

Changes were made to Rules of Bursa Malaysia Securities to expand the provision of share margin financing to include initial public offerings and subscription of new issues for prelisting and post listing activities and not just for secondary market trading.

xi Trading on Specified Exchanges

Trading Participants of Bursa Malaysia Derivatives are now allowed to trade in futures contracts, commodities, etc. on exchanges outside Malaysia as specified in the Futures Industry (Specified Exchange) Order 2005.

xii Investment Bank (IB)

The Rules of Bursa Malaysia Securities, Bursa Malaysia Derivatives, Bursa Malaysia Depository, Bursa Malaysia Securities Clearing and Bursa Malaysia Derivatives Clearing were amended to allow for the admission of IBs as the relevant participants of Bursa Malaysia, following issuance of the 'Guidelines on Investment Banks' jointly by the SC and Bank Negara Malaysia.

The entry of IBs into the market will bring about greater diversification, synergy and quality in the capital market.

xiii Reduction of Entrance Fees for Locals and Removal of the Trading Permit Holder Category of Participantship

The Rules of Bursa Malaysia Derivatives were amended to provide for a reduction in entrance fee for Local Participantship in order to reduce the entry barrier for prospective applicants to become Locals. Bursa Malaysia Derivatives also removed its Trading Permit Holder (TPH) category of participantship and converted the existing TPHs to Local Participants, which afford them the trading rights to all products listed on Bursa Malaysia Derivatives.

xiv Bursa Trade

Amendments were made to the Rules of Bursa Malaysia Derivatives to provide for the implementation of a new trading system called Bursa Trade. This new trading system is equipped with functionalities and features which are on par with the trading systems of the major global exchanges.

xv Regulated Short Selling and Securities Borrowing and Lending

Amendments were made to the Rules of Bursa Malaysia Securities, Bursa Malaysia Securities Clearing and Bursa Malaysia Depository for the reintroduction of RSS/SBL activities which were suspended in September 1997. Under the new SBL model, Bursa Malaysia Securities Clearing will assume the role of a Central Lending Agency (CLA) where it will borrow securities from lenders and onward lend to borrowers. Any person having the requisite number of securities may lend those securities to the CLA. However, only approved Participating Organisations may borrow securities from the CLA.

There are no major changes to the RSS model except for the following requirements:

- That the RSS has to be executed at least at a price above the last done price known as the 'uptick rule' (previously it was 'zero tick rule' i.e. the RSS must be executed at least at the same price as the last done price);
- That the limit for execution of RSS for each class of securities per trading day is 10% of the quantity of outstanding securities for that day. Where the limit is breached, the RSS will be suspended for one trading cycle i.e. for T+3; and
- The RSS has to be executed in a designated trading account.

xvi Directives on the use of Day Trading Activities Account

Together with the reintroduction of regulated short selling and securities borrowing and lending, Bursa Malaysia Securities also issued a set of directives which permits a Participating Organisation to conduct day trading in relation to its proprietary positions which includes the ability to conduct short selling without the requirement of having a securities and borrowing lending arrangement prior to the shorting. Such day trading has to be conducted in a designated account identified as 'Day Trading Activities Account' and shall only be executed by dealers' representatives who are selected as Proprietary Day Traders. As an incentive, Bursa Malaysia Securities Clearing has allowed a 50% rebate on the clearing fees payable for all trades executed in the Day Trading Activities Account, provided that the positions are closed off within the same day.

Issuers Investigation & Enforcement (IED)

Public Listed Companies

To continue our commitment to promote the integrity and credibility of the stock market, IED in 2006 focused on:

- Improving the quality of companies listed on Bursa Malaysia Securities;
- Strengthening investor protection; and
- Promoting investor confidence.

Various new measures were introduced and existing regulatory functions were enhanced. The key measures undertaken by IED during the year are as follows:

a Directors' Enforcement

Although we have taken enforcement actions against directors previously, in 2006 IED was more vigorous in its approach. On 31 March 2006, a letter was issued to all listed issuers to notify them that enforcement action may be taken against directors of listed issuers which have delayed in issuing financial statements. In 2006, 27 directors were publicly reprimanded while another 17 directors have been publicly reprimanded and fined for various breaches of Listing Requirements. This move has shifted the burden from the listed issuer to its directors and we believe it will serve to remind directors of their corporate responsibilities and accountability.

b Unusual Market Activity (UMA)

We continuously monitor the UMA parameters to ensure that they are effective so as to be in line with the ever changing market dynamics. We have also embarked on educating listed issuers on the significance of a factual response to an UMA query whereby IED will monitor subsequent developments. Enforcement action will be taken against those who attempt to mislead the market.

c **Guidance Notes on Disclosure In Relation to Any Agreement, Arrangement, Joint Venture or Collaboration for the Purpose of Bidding for or Securing A Project or Contract (Guidance Note)**

On 4 August 2006, the above Guidance Note was issued to all listed issuers to ensure that such announcements are factual and complete.

d **Interim Reporting Template**

The interim reporting template was amended to be in line with the adoption of FRS 101 – Presentation of Financial Statements. Effective from 1 August 2006, all interim report announcements were submitted using the new template.

e **Limited Review on Interim Reports by External Auditors**

For listed issuers found to be in breach of the LR for having unacceptable material variances between their unaudited and audited results, IED initiated a requirement for a limited review of the listed issuers' interim reports by their external auditors prior to submission to Bursa Malaysia Securities.

f **Enforcement Actions**

As a result of our continuous and robust monitoring activities, we have successfully taken enforcement action on various breaches of the Listing Requirements by listed issuers.

In 2006, sanctions included public reprimands and fines, remedial actions to correct ongoing breaches and improving corporate governance, private reprimands and warning letters.

Sanctions imposed	PLCs	Directors /Principal officers of PLCs	Advisers	Sponsors	Total
Warning/ Reminder letter	180	32	7	4	223
Private Reprimand	50	4	1	0	55
Public Reprimand	32	29	0	0	61
Public Reprimand & fine*	38	17	0	0	55
Total	300	82	8	4	394
* Total fines (RM million)	2.1	1.7	-	-	3.8

g **Intermediaries**

In 2006, 96 new cases were initiated and 159 cases were completed. The number of new cases initiated during the year 2006 declined, compared with the 118 cases in 2005. The 19% decline may be attributed to improvement in the level of compliance by market participants and more effective handling of clients' complaints by the Participating Organisations.

The Investigation Papers statistics for 2006 are tabulated below:

Cases brought forward from financial year 2005	Cases initiated during financial year 2006	Total cases	Cases completed during financial year 2006	Cases outstanding
207	96	303	159	144

Summary of disciplinary actions taken against intermediaries for breaches of the rules:

Action taken	Participating Organisations	Dealer's Representatives	Authorised Depository Agents	Derivatives Trading Participants	Securities Clearing Participants	Derivatives Clearing Participants
Struck off	-	2	-	-	-	-
Suspension	-	-	-	-	-	-
Fines	15	-	3	1	-	1
Reprimand	12	-	3	5	-	3
Caution	9	-	2	3	2	-

Market Surveillance

2006 was another challenging year for Bursa Malaysia to continuously preserve the integrity of the market place. Market Surveillance continued its role to maintain a fair and orderly market place by instituting regulatory measures to alert the investing public of the need to be prudent in their investment decisions on suspected abnormalities detected in the market place. 2006 also marked the launch of Phase 1 of the two-part implementation of the new Surveillance system, ARAMIS. Phase 1 is specifically designed for the derivatives market, while Phase 2 is for the equities market. ARAMIS is a real-time online computerised system, which gives surveillance users sophisticated analysis tools to monitor trading activities in the derivatives market.

During the year, Market Surveillance initiated the following regulatory measures to curb excessive speculation and/or suspected manipulative activities in order to preserve fair and orderly trading in the market and safeguard investors' interests:

Regulatory measures (*)	Main Board	Second Board	MESDAQ	Others
Market Surveillance Queries	4	9	3	-
Market Surveillance Alerts	1	3	2	1
Market Surveillance Reports**	17	10	9	-
Designation of Securities	-	-	1	-

With the carry over of improved market sentiment since the 4th quarter of 2006, as demonstrated by the increased volume and value of market trades, Market Surveillance's key challenge for the coming financial year will be centred on the need to strike an optimum balance between upholding its regulatory objectives and the trading exuberance of market participants.

* as at 31 December 2006

** When a possible breach of the Business Rules or violation of the securities laws is observed, a report with findings and recommendations will be generated by Market Surveillance for further investigation by the Investigation and Enforcement Department of Bursa Malaysia and/or the Securities Commission.

Intermediary Supervision

i On Site Monitoring - Inspection

Bursa Malaysia has a centralised inspection department that carries out routine and ad-hoc inspections on behalf of Bursa Malaysia Securities Berhad, Bursa Malaysia Derivatives Bhd, Bursa Malaysia Depository Sdn Bhd, Bursa Malaysia Securities Clearing Sdn Bhd and Bursa Malaysia Derivatives Clearing Bhd. The objective of this department is to determine the level of compliance with the relevant rules relating to trading in securities and futures, and to ensure the satisfactory discharge of functions relating to clearing, settlement and depository by the participants. During the year, a total of 16 routine inspections and 1 ad hoc inspection were carried out on participants (including selected branches).

A further 49 readiness assessments were carried out on participating organisations and trading participants to ascertain their readiness in respect of opening of business premises and/or commencement of other trading related activities. These included reviews carried out on 8 potential Investment Banks which had submitted their applications during the year to commence trading on the Exchanges. As at the end of the year, all 8 submissions had been screened and relevant recommendations had been sent to the SC for their further consideration and approval.

ii Off Site Monitoring - Compliance & Capital Adequacy

The periodic submissions to the Exchange by the intermediaries for the Exchange to monitor their compliance with the relevant Rules of Bursa Malaysia have been enhanced for relevancy, and continue to be reviewed to ensure that Capital Adequacy of Intermediaries is within the established regulatory requirements. In addition, the regulatory requirements have been restructured to accommodate the establishment of the Investment Banks. As at 31 December 2006, the industry average of Effective Shareholder’s Funds for securities participants was RM183.3 million and the industry average for Capital Adequacy Requirements ratio was 9.99 times. In respect of the derivatives participants, the industry average for Adjusted Net Capital for the same period was RM8.5 million.

CHIEF EXECUTIVE OFFICER'S MESSAGE

TECHNOLOGY

In November 2006, Bursa Malaysia launched Bursa Trade Derivative to replace the old KATS Derivative trading system. The new trading system is one of the three phases of the common trading platform initiative embarked on by the Exchange, aimed at boosting Bursa Malaysia's competitiveness and efficiency. Bursa Trade Derivative was developed by Atos Euronext Market Solutions (AEMS), which provides trading systems to 17 other exchanges worldwide including Euronext, Liffe. The system installed in Bursa Malaysia is the latest version, and runs on fault tolerant technology. It uses a continuous matching mechanism that enables faster processing and execution of orders and trades, strengthening the capacity of our capital market to meet the demands and expectations of participants. With the new trading system, Bursa Malaysia can look forward to implementing Direct Market Access (DMA) for derivatives in the near future.

During the year, Bursa Malaysia also implemented a new equity clearing system. The new system consolidates the post trading systems onto an open technology platform to achieve greater cost efficiency. We are also in the final stages of migrating our central depository system onto an open technology platform.

In the 3rd Quarter 2006, the ADMs and Information Vendors (IVs) were migrated to our new wide area network (Bursa Malaysia Network). This is the final phase of the network improvement and consolidation exercise initiated 2 years ago to bring greater efficiency to the industry.

Moving forward, Bursa Malaysia's IT Strategy is to make Technology a key enabler to Bursa Malaysia's competitive edge. This is through alignment of the IT Strategy with Bursa Malaysia's Business Strategy. We will focus on efficiency and effectiveness in the following three areas:

- Improved accessibility;
- Improved time to market for our services and products; and
- Improved cost efficiency.

Based on some of the initiatives implemented in 2006, Bursa Malaysia has already achieved a degree of success in the area of cost efficiency. In the next 3 years, we will be giving priority to the following initiatives:

A Improved Accessibility

- Increase market access through intermediaries and investors;
- Improve speed of execution of trades;
- Reduction of manual intervention; and
- Adoption of open standards.

B Improved time to market

- Improvement of IT governance;
- Improvement of Enterprise Architecture;
- Implement Open Technology; and
- Improvement of Project Management.

C Improved cost efficiency

- IT outsourcing;
- Improve Technology Management; and
- Engage in Technology Partnership programmes.

THE YEAR AHEAD

Our drive toward achieving developed market status will continue throughout 2007. There remains much to do, and we cannot rest.

Our primary focus will be on improving velocity in the market. Despite some improvements in activity towards year end, we remain at levels which lag behind some of our regional competitors. The other priority will be the on-going improvement of all aspects of our operating and financial efficiency.

To deliver on these objectives, the process will include efforts to further enhance market infrastructure and products, as well as to upgrade our regulations. They must all contribute to our becoming a genuinely world class market. Only by delivering on the realities can we ensure that we are competitive and attractive as an investment destination.

What is pleasing, however, is the momentum we carry with us from an excellent 2006. It was a year in which we were able to exceed the main financial KPIs set for ourselves, and it was a year in which we were able to continue delivering exceptional returns for our shareholders.

I thanked our staff at the outset of this review for their sterling contribution to our success. It is appropriate also to recognise the advice and guidance received from the Chairman and Board of Directors. Their support is the foundation for all we have achieved in the year, and for the targets we have set for the future.

Finally, it is fitting to acknowledge the valuable support we have received from our shareholders throughout the year. Your comments and suggestions are greatly appreciated; they are confirmation of the genuine interest you take in our endeavours, and an inspiration to continue our efforts on your behalf.

Dato' Yusli bin Mohamed Yusoff
CHIEF EXECUTIVE OFFICER

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MANAGEMENT PROFILE

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DATO' YUSLI BIN MOHAMED YUSOFF
Chief Executive Officer

A full profile appears on page 21 of the Annual Report.

02
OMAR BIN MALEK ALI MERICAN
Chief Operating Officer

Omar Merican, aged 47, a Malaysian, graduated with a Bachelor of Social Science (Hons) in Economics degree from the University of Birmingham, England and Masters in Science from the Massachusetts Institute of Technology, United States. Omar was founder and Chief Executive Officer of Merican and Partners Asset Management Sdn Bhd, a fund management company, from 1997 to 2004. Prior to running his own business, Omar worked in financial services institutions including Solomon Brothers in Hong Kong, James Capel (in Hong Kong and London) and O'Connor Associates from 1986 to 1996.

03
DEVANESAN EVANSON
Chief Regulatory Officer

Devanesan Evanson, aged 51, a Malaysian, is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of Malaysian Institute of Accountants. He also graduated with a Bachelor of Laws degree from the University of London in 1989. He is a Governor and past president of the Institute of Internal Auditors Malaysia and a member of the Malaysian Advisory Committee of ACCA. He has more than 14 years of experience in the field of external and internal audit and has held various key positions within Bursa Malaysia group including Head of Internal Audit, Senior Vice President, Compliance and Inspection, Senior Vice President, Legal Advisory (Market Supervision), Head of Group Internal Audit and Risk Management and Deputy Chief Regulatory Officer since September 2005 prior to his appointment as Chief Regulatory Officer effective 1 August 2006.

04
NADZIRAH BINTI ABDUL RASHID
Chief Financial Officer

Nadzirah Abdul Rashid, aged 43, a Malaysian, graduated with a Bachelor of Arts in Accountancy from the University of South Australia, Adelaide, South Australia. She is a member of Malaysian Institute of Accountants and CPA Australia. She has more than 19 years of experience in the banking and finance sector, particularly in the areas of auditing, finance and administration. She joined Bursa Malaysia group in April 1999 as a Senior Manager, Finance and Administration of Bursa Malaysia Depository and has held various key positions within Bursa Malaysia group including Vice President, Finance and Administration of Bursa Malaysia Securities Clearing, Head, Financial Accounting and Financial Controller of Bursa Malaysia prior to her appointment as Chief Financial Officer effective 1 September 2006.

05
SELVARANY RASIAH
Chief Legal Officer

Selvarany Rasiah, aged 41, a Malaysian, graduated with a Bachelor of Laws degree from the University of Malaya in 1989 and has been admitted as an Advocate and Solicitor of the High Court of Malaya. She joined Bursa Malaysia in November 1992 as a Legal Officer and has held various positions within Bursa Malaysia group including Assistant General Manager, Corporate Affairs, Legal and Compliance, Bursa Malaysia Depository, Senior Vice President/Legal Adviser, Listing and Head Regulatory Issues and Legal Advisory. She has more than 17 years of experience in dealing with legal and regulatory matters. She has dealt with a wide range of work relating to the capital markets and served on various task forces on capital market initiatives. She sits on the Ethics Committee of the MIA and is a member of the Corporate Law Reform Committee established by the Companies Commission of Malaysia.

06
YEW KIM KEONG
Chief Information Officer

Yew Kim Keong, aged 46, a Malaysian, graduated with a higher diploma in Computer Science from ICL Training Services, Beaumont, United Kingdom in 1990. He has more than 24 years of working experience in the Information Technology and securities industry. He has held various key positions within Bursa Malaysia group including Assistant General Manager, Information Technology of Bursa Malaysia Securities Clearing; Senior Vice President, Facilities Management of Bursa Malaysia, Head Facilities Management of Bursa Malaysia IT and Chief Information Officer, Operations prior to his appointment as Chief Information Officer in October 2005.

07
LEW LUP SEONG
Head, Group Internal Audit and Risk Management

Lew Lup Seong, aged 52, a Malaysian, graduated with a Bachelor of Commerce in Accounting degree from the University of Canterbury, Christchurch, New Zealand in 1978. He joined Pricewaterhouse in 1979 and completed his articleship in 1981. He was previously the Finance and Administration Manager of Malaysia Milk (Malaysia) Sdn Bhd from 1982 to 1985. He joined Bursa Malaysia as Finance and Administration Manager in 1986 and assumed the position of Senior Vice President, Finance and Administration from 1998 to 2004 and Financial Controller in 2004 prior to his appointment as Head of Group Internal Audit and Risk Management in September 2005.

08
CHEAH SIN KEAT
Head, Exchange, Clearing, Settlement and Depository

Cheah Sin Keat, aged 44, a Malaysian, graduated with a Bachelor of Economics degree from the University of Malaya in 1985. He is also a certified Financial Risk Manager and a fellow member of the Global Association Risk Professionals. He began his career with Bank Negara Malaysia in the Economics Department and later in the Exchange Control Department. Subsequently he served in the Securities Commission where he was responsible for establishing the derivatives market. He has held various key positions within Bursa Malaysia group including Deputy Chief Executive Officer of Bursa Malaysia Derivatives Clearing, Head of Operations Risk and Head of Clearing, Settlement and Depository prior to his appointment as Head of Exchange, Clearing, Settlement and Depository on 20 December 2005.

09
ZAINI BINTI LONG
Head, Group Business Development

Zaini Long, aged 48, a Malaysian, graduated with a Diploma in Marketing (United Kingdom) from Institut Teknologi MARA in 1978. Prior to joining Bursa Malaysia on 5 June 2006, she was with Avon for 15 years from November 1989 until end of April 2006. She held various key positions in Avon group including Marketing Director based in Thailand from August 2002 to May 2004 and Executive Marketing Director in charge of marketing functions for 5 countries namely Malaysia, Philippines, Thailand, Indonesia and Brunei. She was also one of the top 100 executives in Avon worldwide.

10
HUSIN JAMAL BIN HASNAR
Head, Group Human Resources and Administration

Husin Jamal bin Hasnar, aged 42, a Malaysian, graduated with a Bachelor of Social Science degree and Diploma in Education from the University of Malaya in 1989. He began his career with Berjaya Singer (Manufacturing Division) as Personnel and Administration Officer from 1989 to 1993 during which he gained exposure in Human Resources and Administration functions including Union affairs. He has over 13 years of experience in the field of Human Resources and Administration and he has held various key positions within the Group Human Resources and Administration Division including Senior Manager, Human Resources, Head of Rewards, Compensation and Performance Management System prior to his appointment as Head of Group Human Resources and Administration in July 2006.

11
CHUA KONG KHAI
Head, Information Services

Chua Kong Khai, aged 45, a Malaysian, is an Associate Member of The Institute of Chartered Secretaries and Administrators. Prior to joining Bursa Malaysia he was attached to various financial institutions. In 1983 he joined Kwong Lee Bank Bhd handling branch credit and securities. In 1988, he joined Arab-Malaysian Merchant Bank's Treasury Operations before being seconded to Arab-Malaysian Securities Sdn Bhd. He joined Bursa Malaysia Depository in 1993 and was instrumental in its development and growth prior to his appointment as Head of Information Services on 1 March 2006.

12
ADHHA BIN ABDULLAH
Head, Group Strategy

Adhha bin Abdullah, aged 37, a Malaysian, graduated with a Bachelor of Arts (Hons) degree in History from the University of Bristol, United Kingdom in 1991 and obtained a Master of Philosophy (International Relations) degree from the University of Cambridge, United Kingdom in 1993. He began his career with Commerce International Merchant Bankers Bhd (CIMB) in Corporate Finance from 1994. He held various positions in Proprietary Trading, Equity Derivatives, Head Strategic Management and Reporting within CIMB and was appointed as Chief Executive Officer of CIMB Labuan Limited in November 2001 prior to joining Bursa Malaysia as Head, Group Strategy in May 2006.

EVENT HIGHLIGHTS

22 – 24 February 2006
ANNUAL PALM & LAURIC OILS CONFERENCE & EXHIBITION

The 17th edition of the Annual Palm & Lauric Oils Conference & Exhibition: Price Outlook 2006/2007 saw participation by a broad cross-section of those involved in the global oils and fats industry, in particular, the palm and lauric oils sector.

This year saw a record of more than 1,400 delegates from 44 countries.

23 March 2006
INVEST MALAYSIA 2006

The 2nd edition of Invest Malaysia, organised in collaboration with Commerce International Merchant Bankers and UBS attracted more than 500 foreign and local managers, institutional investors and analysts from 170 foreign and local organisations.

This annual gathering of international and local fund managers was officiated by Second Finance Minister, YB Tan Sri Nor Mohamed Yakcop.

19 April 2006
MINGGU AMANAH SAHAM PNB

Bursa Malaysia participated in this annual event which was organised by Permodalan Nasional Berhad.

A record attendance of 200,000 visited the one-week event.

24 April 2006
LAUNCH OF BURSA STATION

Bursa Malaysia Information Sdn Bhd, a subsidiary of Bursa Malaysia Berhad together with ShareInvestor.com Holdings Pte Ltd and Cyber Village Sdn Bhd launched Bursa Station, a powerful internet-based real-time market data tool and analytical software.

Bursa Station provides investors with innovative market-analytics, furnishes subscribers with extended intraday data, added market depth, news and advanced charts.

28 April 2006
BURSA MALAYSIA'S ANNUAL GENERAL MEETING

The 29th Annual General Meeting was attended by more than 500 shareholders.

LAUNCH OF SINGLE STOCK FUTURES

Bursa Malaysia Derivatives launched the first tranche of SSFs which involved 10 counters.

The introduction of SSFs will assist in expanding the breadth of price risk management and investment products.

26 June 2006
LAUNCH OF FTSE BURSA MALAYSIA INDEX SERIES

Bursa Malaysia, in collaboration with FTSE Group, the global index provider launched phase one of the new FTSE Bursa Malaysia Index Series which includes:

- FTSE Bursa Malaysia EMAS Index
- FTSE Bursa Malaysia Large 30 Index
- FTSE Bursa Malaysia Mid 70 Index
- FTSE Bursa Malaysia 100 Index
- FTSE Bursa Malaysia Small Cap Index
- FTSE Bursa Malaysia Fledgling Index

22 – 24 February 2006
Annual Palm & Lauric Oils Conference & Exhibition

24 April 2006
Launch of Bursa Station

23 March 2006
Invest Malaysia 2006

26 June 2006
Launch of FTSE Bursa Malaysia Index Series

EVENT HIGHLIGHTS

2 July 2006 BURSA MALAYSIA - FPLC ANNUAL GOLF TOURNAMENT	The 17th Annual Bursa Malaysia-Federation of Public Listed Companies (FPLC) golf tournament raised over a quarter of a million Ringgit for charity. The Yang di-Pertuan Agong XII Tuanku Syed Sirajuddin Ibni Al-Marhum Syed Putra Jamalullail was the guest of honour and the event witnessed the participation of 129 golfers from public listed companies.
29 July 2006 STAFF GALA DINNER	The dinner involved more than 500 Bursa Malaysia Group staff and their spouses.
5 September 2006 THE EDGE - BURSA MALAYSIA RAT RACE 2006	The annual charity run, jointly organised by Bursa Malaysia and The Edge raked in a record RM1.02 million, which was distributed to 12 charitable organisations. The run attracted 41 CEOs and 545 runners from 66 organisations.
LAUNCH OF CSR FRAMEWORK	The new Bursa Malaysia CSR Framework for PLCs which was launched by Second Finance Minister, YB Tan Sri Nor Mohamed Yakcop is a set of voluntary, flexible guidelines that outline key focal areas and CSR initiatives covering the environment, community, workplace and marketplace.
23 September 2006 MALAYSIA DAY SEMINAR	Bursa Malaysia and SIAS Research Pte Ltd (the research arm of Securities Investors Association of Singapore) jointly organised a seminar entitled ‘Malaysia Day 2006’ in Singapore to raise awareness of Malaysian companies and generate interest in Malaysian stocks. The seminar, officiated by Malaysia’s Deputy Minister of Finance YB Dato’ Dr Ng Yen Yen, was attended by more than 500 participants.
3 October 2006 BURSA MALAYSIA SCHOLARSHIP AWARD	Bursa Malaysia awarded full scholarships to 5 recipients with a total commitment of RM120,000 for 3 academic years. This newly established scholarship programme underlines Bursa Malaysia’s long standing commitment to provide high quality training and employment opportunities for young Malaysian graduates.
11 November 2006 SC-BURSA MALAYSIA INVESTOR AWARENESS ROADSHOW	Bursa Malaysia and SC jointly organised an Investor Awareness Roadshow with the primary objective of creating awareness and promoting retail participation in the securities market. This nationwide roadshow covered 8 cities from 11 November 2006 – 20 January 2007.
20 November 2006 NEW DERIVATIVES TRADING PLATFORM	Bursa Malaysia migrated its derivatives products onto its new trading system, Bursa Trade. This marks the completion of the first phase of the new trading platform’s implementation.

2 July 2006
Bursa Malaysia - FPLC Annual Golf Tournament

5 September 2006
KL Rat Race 2006

29 July 2006
Staff Gala Dinner

3 October 2006
Bursa Malaysia Scholarship Award

The Board of Directors (Board) is committed to maintaining high standards of corporate governance throughout the organisation. To this end, the Board is guided by the Malaysian Code of Corporate Governance (the Code) and has reviewed the manner in which the principles and best practices of the Code have been applied in the Company in 2006.

THE FOLLOWING STATEMENT WHICH HAS BEEN APPROVED BY THE BOARD SUMMARISES THE CORPORATE GOVERNANCE PRACTICES OF THE COMPANY UNDER THE LEADERSHIP OF THE BOARD, IN COMPLIANCE WITH PARAGRAPH 15.26 OF THE LR

THE BOARD OF DIRECTORS

Principal Roles and Responsibilities

The Board's principal duty is to act in the best interests of the Company and its shareholders and is ultimately responsible for the performance of the Company. In carrying out this pivotal role, the Board assumes the following specific responsibilities:

1 Reviewing and adopting a strategic plan for the Company

In 2006, the Board reviewed and approved a set of strategic objectives aimed at enhancing the quality of the markets operated by the Group, growing the markets' investor base, enhancing market promotion and improving operational and financial efficiency. The Board held 2 dedicated sessions to review and discuss the strategic direction of the Company from both the business and regulatory perspectives. During these sessions, presentations were given by both the management and market analysts who were invited to provide insight and information on the key developments and challenges in the exchange industry. The Board reviewed the strategic plans proposed by management and considered the global trends and developments in other markets, particularly those in the Asian region. Thereafter, the Board adopted a strategic plan for the Company and approved the proposed management action plans.

To ensure the alignment of performance with the achievement of these strategic goals, KPIs have been developed via a Balanced Scorecard methodology. The KPIs track the implementation of the Company's strategic plans to ensure that the strategic objectives approved by the Board are being fulfilled.

2 Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed

Under the current centralised framework on authority limits, the Board has expressly set out the relevant matters which are reserved for the Board approval, as well as those matters which the Board may delegate to the Board Committees[1], the CEO and management. This division of authority is reviewed as and when required to ensure an optimum structure for efficient decision-making.

The key matters reserved for the Board's approval are:

- The annual business plan, including overall corporate strategy, the financial plan and budget;
- The financial statements;
- The business continuity framework;
- Acquisitions and disposals of companies within the Group;
- Operating and capital expenditure above a certain limit;
- Disposals of fixed assets where the net book value is above a certain limit;
- Group business restructuring;
- Dividend policy; and
- New issues of securities.

In addition to the above key matters, at each Board meeting the Board reviews the minutes of the Board Committee meetings and the chairman of the relevant Board Committee will highlight to the Board the key issues raised during the Board Committee meetings. The Board Committees assist the Board in overseeing the affairs of the Company and have been entrusted with specific responsibilities and authority to act and make decisions on behalf of the Board.

In relation to matters pertaining to the management and performance of the Group and its business, including the operational aspects and strategic development of the Group, the Board has delegated to the CEO who is supported by a management team which possesses the relevant knowledge and experience in finance, human resource, risk management, marketing, information technology, operations, regulations and law. The Board is regularly informed of the Company's business management and performance and the CEO reports on a monthly basis to the Board on the following matters:

- Selected key market indicators such as daily average volume, daily average value and annualised velocity, together with an explanation;
- A market commentary for the period;
- A detailed summary of the Group's financial performance for the period; and
- Updates on key strategic initiatives and significant operational issues.

3 Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

The Board, through the Risk Management Committee (RMC) oversees the risk management activities of the Group. The RMC formulates the relevant proposals on risk management policies and risk measurement parameters across the organisation and makes the appropriate recommendations to the Board for its approval. The RMC is responsible for ensuring that the risk management framework in the Group operates effectively based on the policies approved by the Board and makes reports on a regular basis to the Board on the key corporate risks, controls and action plans. Further details on the RMC and the Company's risk management framework are set out in pages 070 to 071 of the Annual Report.

4 Succession planning including appointing, training, fixing of compensation of and where appropriate, replacing senior management

The Board has entrusted the Nomination and Remuneration Committee[2] (NRC) to oversee the appointments, performance and compensation framework for the Board, Board Committees and key management[3] positions in the Company. Pursuant to this mandate, the NRC makes recommendations to the Board on appropriate policies, potential candidates for key management positions and compensation packages for such positions. The NRC also reviews from time to time the existing company's succession plans which the Company has put into place in respect of these key management positions. Save for the CEO, whose remuneration package is decided on by the Board as a whole, the NRC also undertakes a yearly evaluation of the performance and remuneration of key management personnel whose remuneration are all directly linked to performance. The NRC consists of 5 Non-Executive Directors and is chaired by the Chairman of the Board, 3 of the 5 members of the NRC are independent. The Chairman, who is a Public Interest Director, also satisfies the test of independence.

The Company has entered into fixed term service contracts with the key management personnel, which typically are for a 2 year period, contain early termination provisions and may be renewed upon mutual agreement.

[1] The Board has established 11 board committees, which include the Nomination and Remuneration Committee, Audit Committee, Investment Advisory Committee, Risk Management Committee, Executive Committee, and the Option Committee. The terms of reference and composition of each Board Committee are available at www.bursamalaysia.com.

[2] Information on the terms of reference, composition, number of meetings held and attendance of meetings of the NRC is set out on page 089 of the Annual Report.

[3] 'Key management' refers to the members of the Management Committee, whose details appear on pages 046 to 049 of the Annual Report.

5 Developing and implementing an investor relations programme or shareholder communication policy for the company

In 2006, the Board adopted a formal Investor Relations policy. Details of that policy and of the Company's investor relations programme are set out in the Report on Investor Relations on pages 077 to 079 of the Annual Report. The Board is regularly informed and updated on all ongoing investor and shareholder relations activities and key items highlighted by shareholders and analysts.

6 Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulation, rules, directives and guidelines

The Board has overall responsibility for the Company's internal control system, and for the review of the adequacy and integrity of the system, which is exercised through the Audit Committee. Further details on the Company's internal control system and the review of its effectiveness are set out in the Statement on Internal Control on pages 070 to 072 of the Annual Report.

Board Balance and Independence

The Board comprises 13 Directors which provides the Company with a synergistic mixture of professionals, businessmen and entrepreneurs with long-standing experience and involvement in capital markets operations. The Board views the number and composition of directors to be suitable given the fact that the Company is principally responsible for operating Malaysia's securities, derivatives and offshore exchanges, providing depository, clearing and settlement facilities and for maintaining a fair and orderly market. The Directors have a wide range of skills and backgrounds such as accountancy, law, public policy, regulation, business, stock broking and risk management, coupled with broad business acumen. The profile of each Director is set out in the Board of Directors Profile on pages 016 to 021 in the Annual Report.

The CEO is the only Executive Director. Of the remaining 12 Non-Executive Directors, 5 are Independent Non-Executive Directors, and 4 are Public Interest Directors. These Independent Non-Executive Directors and Public Interest Directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement and collectively, they make up more than two-thirds of the Board.

The roles of the Chairman and CEO of the Company are distinct and separate with a clear division of responsibilities. To further reinforce this separation, the Chairman of the Company is not someone who has previously served as the CEO of the Company. The Chairman leads the Board and is responsible for ensuring its effectiveness. The CEO is responsible for the efficient and effective management of the business and operations of the Company. In addition, the present Chairman, Tun Mohamed Dzaiddin bin Haji Abdullah is a Public Interest Director and is, therefore, independent. The independence of both the Chairman and the majority of the Board coupled with the clear division of responsibilities between the Chairman and the CEO, ensure a balance of power and authority at the head of the Company, which promotes objective and considered decision-making.

None of the Directors are nominees of the Company's substantial shareholders; Capital Market Development Fund (CMDF) and Minister of Finance, Incorporated (MOF Inc). Although the Public Interest Directors are appointed by MOF in consultation with the SC, these Directors do not represent the interests of MOF Inc on the Board. In view of the composition of the Board and, having regard to the calibre of the Directors and their range of expertise and experience, the interests of investors including the Company's minority shareholders and the public are adequately protected and advanced. The Company does not have any 'significant shareholders' as defined under the Code[4].

The Board has reviewed the need for the appointment of a Senior Independent Non-Executive Director and has decided it is unnecessary, in view of the fact that the board is substantially comprised of Non-Executive Directors, the Chairman and the majority of directors are independent, and Board decisions are arrived at after healthy and open debate.

[4] Under the Code, a 'significant shareholder' is defined as a shareholder with the ability to exercise a majority of votes for the election of directors. CMDF and MOF Inc, being the largest shareholders in Bursa Malaysia as at 31 December 2006 have equal shareholdings in the Company. Details of their shareholdings are set out in Statistics of Shareholdings on page 170 of the Annual Report.

Board Meetings and Supply of Information

In 2006, the Board held 10 meetings. Proceedings of the Board meetings are recorded by the Company Secretaries. Details of attendance of the Directors during 2006 are as follows:

Name of Directors	Attendance
Tun Mohamed Dzaiddin bin Haji Abdullah (Chairman)	10/10
Dato' Abdul Latif bin Abdullah	8/10
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	9/10
Datuk Azman bin Abdul Rashid	10/10
Datin Paduka Siti Sa'diah binti Sheikh Bakir	9/10
Dr. Thillainathan a/l Ramasamy	8/10
Dato' Abdul Wahid bin Omar	10/10
Izham bin Yusoff	9/10
Dato' Seri Hwang Sing Lue	10/10
Cheah Tek Kuang	8/10
Peter Leong Tuck Leng	9/10
Dato' Wong Puan Wah @ Wong Sulong	1/1
Dato' Yusli bin Mohamed Yusoff (CEO)	10/10

Dates for Board meetings are decided in advance after consultation with the Chairman. A formal agenda facilitates the effective conduct of meetings and the allocation of adequate time for discussion. During Board meetings, Directors deliberate and give due consideration to the proposals tabled by management. The Chairman ensures constructive and healthy debate by ensuring Directors are given the chance to freely express their views and opinions.

Proposals to the Board and Board Committees for decision are in the form of memoranda that provide relevant facts, analysis and recommendations. Board and Board Committee agenda and papers are furnished to Directors 5 market days in advance of a meeting to provide the Directors with sufficient time to peruse the matters that will be tabled to the Board, prior to the said meeting. Management representatives who are able to provide additional insight into matters to be discussed will be present at the relevant times during the Board or Board Committee meetings. Advisers and professionals appointed by the Company in relation to corporate proposals, such as merchant banks or solicitors, may also be invited to attend Board meetings at which such proposals are deliberated upon to provide the Board with their explanations and advice, and to clarify any issues raised.

Additionally, the Board is provided with relevant information such as:

- The annual business plan and updates;
- The CEO's progress report;
- Quarterly results of the Company and Group;
- Updates of decisions taken and activities of Board Committees;
- Circular resolutions passed;
- Significant risk management issues;
- Significant issues raised by shareholders;
- Information on recruitment and remuneration of key management positions including appointment or removal of the same;
- Material litigation, show causes, demands and penalty notices;
- Fatal or serious accidents or dangerous occurrences;
- Details of any joint ventures, acquisitions of companies or alliances; and
- Significant developments on the human resources front.

The Company Secretaries are responsible for ensuring that Board policies and procedures are complied with and all proceedings of the Board and Board Committees are recorded in writing. The Minutes of Board and Board Committee meetings are recorded and draft minutes are circulated to the Directors for confirmation prior to being approved. The minutes are kept by the Company Secretaries and are open to inspection by Directors.

All Directors are provided with a manual which includes the Memorandum and Articles of Association, the document on authority limits, the Code of Ethics for Directors, the Listing Requirements and the Code. The manual is updated as and when required.

The Directors have individual and independent access to the advice and services of the Company Secretary in the course of discharging their duties, and the Company Secretary updates the Directors on the latest relevant legal and regulatory requirements. The Directors also have access to the Chief Legal Officer for advice on relevant rules and regulations as well as legal issues and implications relating to matters being deliberated. In addition, the Directors may always request from management further explanations, information or updates on any aspect of the Company's operations or business.

The Board may also interact directly with key management personnel whose contact details are provided to all Directors. Other than in formal Board or Board Committee meetings, presentations by management on strategic initiatives and other relevant issues are given to the Board members as and when necessary.

Apart from the internal personnel of the Group, the Board also has access to external expertise, including several independent consultative panels which provide industry expertise and guidance on policy proposals, product and market development initiatives and other strategic initiatives in relation to the securities market, derivatives market and clearing, settlement and depository issues.

The Board may further seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice to enable them to discharge their responsibilities, subject to approval by the Chairman or the Board, depending on the quantum of fees involved.

Board Performance Evaluation and Review

Every year, the Board undertakes a performance evaluation and review (Board Review) which comprises:

- An evaluation of the Board's performance as a whole;
- An evaluation of the performance of the Board Committees;
- An evaluation of the performance of individual Directors;
- An evaluation of the performance of the Chairman; and
- A review of the Board's size, composition and mix of skills, experience and qualities.

The Board Review is based on a combination of factors, both quantitative and qualitative, recognising the need to enhance shareholder value balanced against other wider public interest objectives related to the operation and development of the capital markets. Factors taken into account include:

- The Board's understanding of its role in achieving Bursa Malaysia's vision and objectives;
- The Board's understanding of the relationship between SC and Bursa Malaysia and its management;
- The effectiveness of meetings at Board and Board Committee level;
- The effectiveness of the Board in discharging the specific stewardship responsibilities prescribed under the Code;
- The effectiveness of the Board Committees in supporting the Board;
- The effectiveness of management in providing knowledge building opportunities, support and training to the Board; and
- The effectiveness of having certain key management personnel present at all Board meetings.

For 2006, the Board Review employed a combination of self-assessment and peer-assessment methodologies, using customised questionnaires and an analysis of the responses received from Directors. The analysis was reviewed by the NRC and its recommendations were presented to the Board.

The performance of the CEO was evaluated under the Performance Management Framework based on the extent to which the KPIs set by the Board have been met. This performance evaluation is conducted by the NRC on an annual basis. The Chairman's performance was also evaluated by the other Directors, in addition to his own self-assessment.

Arising from the Board Review in 2006, recommendations for enhancements were identified and approved by the Board.

CORPORATE GOVERNANCE STATEMENT

Training of Directors

The Company Secretaries facilitate and organise Directors' training. For newly appointed Directors, the Company has an orientation programme to familiarise them with the Group's business and governance and such programme was held in this financial year for the Company's new Director, Dato' Wong Puan Wah @ Wong Sulong.

The Company also has a dedicated training budget for Directors' continuous education in connection with their duties. To facilitate Director development and training, the Directors' training needs are analysed annually in conjunction with the Board Review. Relevant training programmes are arranged for Directors, who may also request to attend additional training programmes. All the Directors have attended development and training programmes in 2006 which aid in the discharge of their responsibilities as directors of publicly listed companies. Among other things, the said programmes provided the Directors with practical proposals for the enhancement of board effectiveness, updates on the continuing role to be played by independent directors and enabled a better understanding of the trends in global exchanges, exchange valuations and mergers and acquisitions. Further details of the training programmes attended by the Directors in 2006 are set out on pages 163 to 165 of the Annual Report.

Appointments to the Board

Pursuant to Section 8D(1)(a) of the Securities Industry Act 1983 (SIA), one-third of the Board must be appointed by the MOF in consultation with the SC to be Public Interest Directors. The Public Interest Directors have been appointed for a 2 year term.

During the year, a new Independent Non-Executive Director, Dato' Wong Puan Wah @ Wong Sulong was appointed to the Board with effect from 1 December 2006.

Apart from Public Interest Directors, all appointments of Directors are considered by the NRC, which will make recommendations to the Board on the proposed candidate(s). In its deliberations, the Board will take into account the character of the person in question in addition to his or her skills, functional knowledge and experience. Section 8D(1)(b) of the SIA requires the Company to obtain the approval of the SC for any appointment or election of a Director of the Company. In addition, any shareholder may propose a candidate for directorship subject to Article 71 of the Company's Articles of Association. The appointment or election of a candidate for directorship proposed by a shareholder is subject to the process set out above.

Re-election of Directors

The Company's Articles of Association provide that one-third of the Directors (other than Public Interest Directors) must retire from office at every annual general meeting (AGM) and, if eligible, may offer themselves for re-election. Each Director who is not a Public Interest Director must retire at least once in every 3 years. This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. Upon the expiry of their term of appointment, Public Interest Directors may be eligible for reappointment by the MOF. The term of appointment of all Public Interest Directors has been renewed and will expire in 2008.

At the AGM on 28 April 2006, 4 Directors retired and were re-appointed to the Board by shareholders. At the forthcoming AGM, another 4 Directors will retire and their re-appointment will be voted on by shareholders. To assist shareholders in their decision, information on each Director standing for re-election such as personal profile (pages 019 to 021) and shareholdings (page 170), and Board meeting attendance (page 060) in Bursa Malaysia is furnished in the Annual Report.

A Director who is of or over the age of 70 years must retire at the conclusion of the next AGM unless he or she is re-appointed as a Director by way of special resolution in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is 1 Director of the Company, Dato' Seri Hwang Sing Lue who is subject to such retirement and re-appointment.

Directors' Remuneration

The NRC is responsible for making the appropriate recommendations to the Board with regards to the remuneration of the CEO. The CEO's compensation package comprises a monthly salary and other benefits and emoluments which are in line with the Company's general remuneration policy for its senior management[5]. As an Executive Director, the CEO is not paid the Director's Fee referred to below nor is he entitled to receive any meeting allowance for the Board and Board Committee meetings he attends. Variable components of the CEO's remuneration, such as bonuses and options granted under the Employees' Share Option Scheme, are linked to performance. The NRC annually reviews his salary and these variable components, and makes a recommendation to the Board for its approval. The CEO will abstain from deliberation of his remuneration at Board level. The CEO has a service contract, ending 2008 with a provision for extension by mutual agreement. His service contract can be terminated by either party. The notice period in the event of termination is 3 months' written notice or 3 months' salary in lieu of notice.

In respect of the remuneration of the Non-Executive Directors, including the Chairman, the Board as a whole has determined that the remuneration framework shall consist of:

a An annual fixed sum which is subject to shareholders' approval (Director's Fee):

- RM60,000.00 for the Chairman;
- RM40,000.00 for Non-Executive Directors;

b A meeting allowance for each Board and Board Committee meeting attended:

- RM3,000.00 for the Chairman of the Board;
- RM1,500.00 for the other members of the Board;
- RM1,500.00 for the Chairman of a Board Committee;
- RM1,000.00 for the other members of the Board Committees; and

c Benefits-in-kind and emoluments.

In determining the remuneration framework for the Non-Executive Directors, the Board took into account the duties, functions and level of commitment expected of the Directors together with the respective Director's membership on relevant Board Committees. Directors who serve on Board Committees receive additional compensation in the form of the meeting allowances set out above. The Board further considered the nature of the Company's business and the significant role it plays in the Malaysian economy, as well as the remuneration of other comparable listed companies particularly those in the financial sector, government-linked companies and selected stock exchanges in deciding on the remuneration framework.

The Chairman's current term of appointment is for a period of 2 years and is due to expire in 2008. He does not serve on the boards of any public listed company or other market participants regulated by Bursa Malaysia to avoid conflicts of interest. In view of this and the scope of his responsibilities together with his background and experience, the Chairman is provided a fixed monthly allowance.

Pursuant to a decision of the Board, Non-Executive Directors may not participate in the Employees' Share Option Scheme. This ensures that the NRC, which also sits as the Option Committee, is able to exercise independent and impartial judgment in the grant of share options as there is no self-interest. The CEO, being an employee of the Company is however, eligible to participate. For 2006, the CEO was granted options to 500,000 shares at an exercise price of RM 2.46. This entitlement was based, amongst other criteria, on his performance, and was determined by the Board.

An extensive review of the remuneration policy and framework for the Directors was recently undertaken in 2005. Therefore, the Board has decided that the need for a further review in 2006 did not arise.

Disclosure of each Director's remuneration is set out in the Annual Audited Financial Statements on pages 123 to 124 of the Annual Report.

In addition to the above, the Directors also have the benefit of a directors' and officers' liabilities insurance obtained by the Company in respect of liabilities arising from their holding office as Directors of the Company and the Directors contribute towards the payment of the insurance premium. However, the insurance does not provide coverage in the event a Director is proved to have acted negligently, fraudulently or dishonestly.

[5] Further details on the Company's remuneration policy are set out on pages 080 to 081 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

RELATIONS WITH SHAREHOLDERS AND INVESTORS

To reflect its commitment to transparency and accountability, the Company has a comprehensive programme for effective communications with shareholders and investors. Details are set out in the Report on Investor Relations from pages 077 to 079 of the Annual Report.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance and position and its future prospects by the issuance of quarterly reports and annual audited financial statements, announcements from time to time on significant developments affecting the Company, as well as the Chairman's Message (pages 012 to 015) and Chief Executive Officer's Message (pages 022 to 045).

The Directors' Responsibility Statement for the Annual Audited Financial Statements of the Company and Group is set out on page 095 of the Annual Report.

The Company's Annual Audited Financial Statements, quarterly reports and announcements in 2006 were issued in a timely manner in compliance with the LR. Together with other relevant corporate information, these are available on Bursa Malaysia's website (www.bursamalaysia.com).

Internal Controls and the Internal Audit Function

The Company continually reviews its internal control processes and procedures to ensure as far as possible, that it maintains adequate levels of protection of its assets and the shareholders' investments. Details of the Company's internal control system and the framework in place for the review of its effectiveness are set out in the Statement on Internal Control and the Audit Committee Report on pages 070 to 072 and pages 073 to 076 of the Annual Report.

Relationship with the Auditors

Bursa Malaysia's relationship with its external auditors is primarily maintained through the Audit Committee and the Board. The Audit Committee has explicit authority to communicate directly with external and internal auditors and meetings are always independent of management. The CEO and management may only attend the Audit Committee meetings upon invitation. External auditors and internal auditors may, conversely, call for a meeting with the Audit Committee to discuss issues relating to the financial statements and other relevant matters. No such requests for a meeting were received from external or internal auditors during 2006. The Audit Committee has met with the external auditors without the presence of the CEO and management in relation to the Annual Audited Financial Statements. Further details on the role of the Audit Committee in relation to the auditors are set out in the Audit Committee Report on pages 073 to 076 of the Annual Report.

CONFLICTS OF INTEREST

The Board has put into place the appropriate controls and arrangements to deal with the conflicts of interests that may arise from the Company's dual status as a business oriented listed entity and market regulator.

In relation to the conflicts of interest that may arise with respect to the regulatory role of Bursa Malaysia when regulating companies in which the Directors and/or the substantial shareholder MOF Inc have interests, such potential conflicts of interest are adequately addressed by the regulatory decision-making process. Significant regulatory decisions are made by committees comprising of Directors and independent individuals. As MOF Inc does not have any representatives on the Board and these committees, the Board does not believe that MOF Inc will be able to influence the regulatory-related decision-making process. In the event a Director, who is a member of a committee, has an interest in the issue discussed, such Director is required to abstain from deliberation and voting on the issue.

In relation to conflicts of interest that may arise between Bursa Malaysia's commercial interests and the proper performance of its statutory duties as an exchange holding company, Bursa Malaysia is bound by law to act in the public interest, having regard to the need for investor protection. Where Bursa Malaysia's own or any other interest conflicts with the public interest, the latter prevails. In addition, the Company's commercial functions are separate and distinct from the regulatory functions to ensure that these functions operate independently. Policies, guidelines and procedures exist for the identification, treatment and reporting of conflicts of interest situations (Conflicts Guidelines). Pursuant to the Conflicts Guidelines, a conflict of interest arising between commercial and regulatory interests identified by Bursa Malaysia will be notified to the SC together with proposals to address such conflict. Bursa Malaysia will not proceed until the proposals to address the conflict have received the concurrence of the SC. Where the SC disagrees with Bursa Malaysia's proposals, the SC may direct Bursa Malaysia or its subsidiaries to take certain steps to remedy the conflict of interest (Direction). Bursa Malaysia is obliged to comply with such Direction. Regulatory decisions involving listed issuers or intermediaries which have commercial or competitive relationships with the Group are subjected to various mechanisms to ensure that independent decisions are made. These cases, if any, are notified to the SC on a quarterly basis. However, where Bursa Malaysia is not able to reach an independent decision or is of the view that the decision it has made gives rise to a conflict of interest, Bursa Malaysia is required to refer the matter to the SC.

During 2006, Bursa Malaysia has not identified any actual conflicts of interest arising between its commercial interests and the proper performance of its regulatory duties.

RELATED PARTY TRANSACTIONS

An internal compliance framework exists to ensure that the Company meets its obligations under the LR including obligations relating to related party transactions. The Board, through its Audit Committee, reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter. A list of the significant related party transactions for 2006 is set out on page 153 of the Annual Report.

CODE OF ETHICS

The Company's Codes of Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from Directors and employees respectively. The Code of Ethic for Directors, for example, includes principles relating to Directors' duties, conflicts of interest and dealing in securities. For employees, the Code of Ethics covers similar topics and additional matters such as confidentiality of information, sexual harassment and gifts or gratuities. In 2006, the Company undertook a comprehensive review of the Code of Ethics for employees and implemented various changes, including the introduction of express provisions on whistle blowing procedures. These are designed to encourage employees to report any breach or suspected breaches of laws or regulations (including business principles and company policies and guidelines) within the Group, and to provide protection to such employee. The Company also established an Ethics Committee to deliberate all ethics cases and to recommend the relevant corrective actions required to be taken.

DEALINGS IN SECURITIES

The Company also has in place the relevant internal procedures governing dealings in securities by the Directors and employees to prevent the contravention of the insider trading laws and to ensure full compliance with the applicable rules and requirements, including the provisions of the LR on dealings in securities by Directors and relevant principal officers of the Company. The employees of the Company have always been required to promptly notify the Company of any securities transactions undertaken by them. In 2006, the Company undertook a review of its dealing transaction policy and amongst others, has imposed a new requirement on its employees who are employed in any area where there is likelihood of direct or indirect access or exposure to price sensitive information to make prior disclosures of any proposed dealings in securities. Internal Audit provides independent assurance by monitoring securities transactions by employees in accordance with the Company's policy.

COMPLIANCE STATEMENT

The Board is satisfied that in 2006 the Company has complied with the best practices of the Code save for the appointment of a Senior Independent Non-Executive Director.

Corporate Social Responsibility (CSR) - A Journey

CSR is a central management concern at Bursa Malaysia. We see CSR as a journey, rather than a destination. For us, CSR means integrating into our business operations open and transparent business practices, based on ethical values and respect for employees, communities and the environment. The way we do business is designed to deliver sustainable value to society at large and all stakeholders, including our shareholders.

BURSA MALAYSIA DOES NOT VIEW CORPORATE GOVERNANCE AND CSR AS SEPARATE PURSUITS: THE ONE IS A SUB SET OF THE OTHER. MANY ELEMENTS OF GOOD CORPORATE GOVERNANCE ARE REFLECTED IN OUR CSR INITIATIVES. WE BELIEVE CSR AFFECTS THE LONG-TERM PROFITABILITY OF OUR BUSINESS AND STRENGTHENS THE FIBRE THAT BINDS INTERNAL AND EXTERNAL TRUST, MAKING US STRONGER AS A COMPANY, AND BUILDING VALUE FOR ALL OUR STAKEHOLDERS.

LAUNCH OF THE CSR FRAMEWORK BY BURSA MALAYSIA

2006 was a landmark year for CSR in Bursa Malaysia. As both a regulator and a PLC, Bursa Malaysia is expected to influence the behaviour of PLCs and, at the same time, 'walk the talk' in the conduct of its own affairs. On 5 September 2006, Bursa Malaysia launched a CSR Framework as a guide for PLCs in implementing and reporting on CSR. The Bursa Malaysia CSR Framework looks at four main focal areas for CSR practice – the Environment, the Workplace, the Community and the Marketplace, in no order of priority. CSR initiatives at Bursa Malaysia cover all focal areas in an interconnected and interdependent way.

THE WORKPLACE
ENGAGING WITH EMPLOYEES

Exemplary customer service comes from highly motivated and engaged employees. We strive to maintain high standards of recruitment, development and retention of employees. We have several initiatives in the workplace aimed at being a sustainable employer of choice. These include the following:

- Employee volunteerism
- Health, safety and welfare
- Employee communication channels
- Company-wide employee opinion survey
- Sports and wellness programs
- Employee training

Greater detail is included in the Human Capital section on page 80 of the Annual Report.

THE MARKETPLACE
ENGAGING WITH STAKEHOLDERS

Many important stakeholders are found in the Marketplace - our shareholders, suppliers, and customers (such as investors, fund managers, and financial institutions), the Participating Organisations, Government Departments and Agencies, Regulators and Industry Associations. Bursa Malaysia believes in interacting responsibly with these groups by in a number of ways, such as supporting the market with good products, engaging in ethical procurement practices and in engaging these groups in dialogues. We consult industry players as part of our product development process, and in making business decisions which impact on them. Business units such as the Information Services Business Unit and Group Business Development conducted several industry consultations during 2006 in Singapore, Hong Kong and locally to gauge stakeholder responses to the launching of new products.

THE COMMUNITY
SUPPORTING LOCAL COMMUNITIES

Bursa Malaysia believes that community investments complement our business activities. Our social and economic goals interrelate rather than conflict. This section describes our main sponsorships and community investment activities.

Yayasan Bursa Malaysia
Yayasan Bursa Malaysia (YBM) is Bursa Malaysia's vehicle for community giving. In 2006, YBM raised RM1.02 million on The Edge-Bursa Malaysia Rat Race that was subsequently distributed to 12 selected charities. YBM also sponsored a total of RM0.831 million given to 139 undergraduate students, and RM4,600 given to employees' children in school assistance and for school excellence awards. 6 local charities received a total of RM16,920 in donations in 2006.

Scholarships and Management Trainees
In 2006, for the first time, Bursa Malaysia offered scholarships of RM8,000 a year, (for a maximum period of 4 years) to 5 undergraduate students for local universities. We will consider the possibility of future employment for these graduates at Bursa Malaysia. In addition, Bursa Malaysia engaged 5 graduates as management trainees for a period of 18 months, with a view to providing future full time employment, should the trainees meet the requirements.

Ad Hoc Donations and Sponsorships
Bursa Malaysia also gave philanthropic support to various causes on an ad hoc basis throughout the year, investing RM0.2 million in the community.

THE ENVIRONMENT
TOWARDS SUSTAINABILITY

Although Bursa Malaysia's overall environmental impact is indirect, we still strive to manage our operations in a manner which reduces consumption of resources and the generation fo waste. In 2006 Bursa Malaysia continued with its paper usage reduction and recycling plans. For 2007, plans include preparing for implementation of ISO 14001 for internal environmental management. This will be an important element in Bursa Malaysia's support of Climate Change issues as we endeavour to reduce our own energy use and carbon dioxide output.

PLANS FOR 2007
A CSR STEP FORWARD

Bursa Malaysia is currently working on a more holistic CSR agenda for the year 2007, guided by the following:

- Employee involvement and volunteerism will be high on our priority list;
- Management of our internal environment will be enhanced via an ISO14001 certification;
- We will consider creating green products for the market, including carbon credit trading and energy traded hedge funds;
- We will consider how best to tap the potential of socially responsible investment funds and socially responsible indices;
- We will look at the adoption of triple bottom-line reporting; and
- We will make efforts to increase the awareness of CSR amongst PLCs.

INTERNAL CONTROL STATEMENT

THE BOARD IS COMMITTED TO MAINTAINING A SOUND SYSTEM OF INTERNAL CONTROL IN THE GROUP AND IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT, WHICH OUTLINES THE NATURE AND SCOPE ON INTERNAL CONTROL OF THE GROUP DURING THE FINANCIAL YEAR.

1 BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's systems of internal control and risk management and for reviewing the adequacy and integrity of those systems. However, the Board recognises that this system is designed to manage, rather than eliminate the risk of non-achievement of the Group's objectives. It therefore provides reasonable, but not absolute assurance against the occurrence of any material misstatement, loss and fraud.

2 ENTERPRISE RISK MANAGEMENT FUNCTION

2.1 Risk Management

Bursa Malaysia has an enterprise wide risk management framework to measure, assess, aggregate and manage the risks taken across the organisation. These risks are categorised broadly as 'governance', 'business environment', 'financial,' 'information', 'operations' and 'transactions' risk. Our risk framework guides our risk taking activities and ensures that they are aligned with our strategic objectives, our shareholders' expectations and regulatory requirements.

2.2 Governance Structure

Bursa Malaysia's comprehensive risk governance structure is premised on the following 3 lines of defence. The governance structure establishes clear responsibility for risks and ensures reasonable assurance to the Board that business risks are explicitly identified and managed.

THE BOARD			
3rd Line of Defence	**Audit Committee** assisted by Group Internal Audit Provide assurance for Bursa Malaysia's identification and management of risks, adherence to internal risk management policies and guidelines and compliance with risk-related regulatory requirements.	Assurance	REPORTING ↑
2nd Line of Defence	**Risk Management Committee** assisted by Group Risk Management Perform risk oversight and support the risk policy and framework to ensure that Bursa Malaysia's risk management process is appropriate and functioning as designed.	Oversight & Support	
1st Line of Defence	**Chief Executive Officer** **Management Committee** **Risk Champions** assisted by Risk Facilitators (at respective Business Units / Functional Groups) Undertake risk management activities and assert that controls and processes are consistent with our risk management, corporate policies and practices.	Assertion	

This risk governance structure also includes a Risk Management Policy approved by the Board. This Risk Management Policy and subordinate risk management guidelines, procedures and standards are continually reviewed to ensure that they provide effective governance of our risk-taking activities. Importantly, the maximum risk exposure or risk tolerance which defines Bursa Malaysia's risk appetite is reviewed annually. Changes require approval of the Risk Management Committee and the Board.

As part of continual efforts to improve the risk management process, an aggregation methodology has been developed and implemented to integrate and correlate risk information across the Group, to provide a view of the organisation's top operational risks, and to assess whether we are in control - this being one of the key goals of implementing 'Enterprise Risk Management'.

2.3 Risk Awareness & Training

To promote a culture that places high value on disciplined and effective risk processes and controls, a risk awareness programme was conducted in 2006 for line management across Bursa Malaysia, involving some 300 key personnel. Risk management standards are reinforced at annual risk brainstorming sessions undertaken by the Business Units/ Functional Groups to ensure consistent practices across the Group. Such awareness and risk training is a permanent feature of our continual efforts to improve risk handling capability in Bursa Malaysia.

2.4 Managing Significant Risks

Central to the role of Bursa Malaysia is the provision of a fair and orderly market place for fund raising and investment. Accordingly, Bursa Malaysia's risk management activities are centered on:

a Our regulatory duties, in ensuring a 'fair and orderly' market, acting in the public interest and, in particular, investor protection. Efforts continue to improve regulation and to enhance market confidence, although it is recognised that market confidence is a result of many things (social, political, economic), some of which are beyond the control of Bursa Malaysia.

b Ensuring business continuity, through:
   - i IT governance and controls to ensure our information systems are equipped with adequate capacity, security and facilities to meet emergencies;
   - ii a comprehensive business continuity plan (BCP) comprising back-up computer site and computing facilities, back-up office premises and facilities, back-up database and vital records, business and system recovery procedures, recovery organisation, back-up data and voice communications to enable us to continue critical business functions in the event of a major infrastructure problem or disaster;
   - iii BCP exercises are conducted periodically with the industry, covering escalation procedures, recovery of computing services and critical applications, resumption of critical functions and physical recovery of business activities. To date, Bursa Malaysia has conducted a total of 30 BCP exercises; and

c Managing counterparty/settlement risks arising from Bursa Malaysia's role as the Clearing House for derivatives and securities traded on the respective exchanges. To prevent any systemic impact on the market, Bursa Malaysia employs a robust risk management process comprising procedures, standards, systems and financial resources including imposition of initial margin requirement and risk-based minimum capital requirements on Trading Clearing Participants, managing credit exposures via price limits, trading limits, single client limits, cash flow requirements, provision of a bridging facility and maintenance of Clearing Guarantee Fund for equities and derivatives.

3 INTERNAL AUDIT FUNCTION

The Board obtains sufficient assurance of regular reviews and appraisals of the effectiveness of the system of internal control of the Group from the Group Internal Auditors who report directly to the Audit Committee. The Audit Committee determines the adequacy of the scope, function and resources of the Internal Audit function and that it has the necessary authority to carry out its work.

In its endeavor to provide reasonable assurance on the state of internal control for the Group, the Internal Audit function carries out its review based on a risk-based approach Annual Audit Plan. The Audit Committee has full access to all audit reports, records and documentation as well as all audit personnel, both internal and external.

4 KEY INTERNAL CONTROL PROCESSES

The Group's internal control system encompasses the following key control processes:

a Segregation of the Group's regulatory and commercial functions to ensure proper discharge of its regulatory duties;

b Delegation of responsibilities to committees of the Board through clearly defined terms of reference;

c An Authority Limits Document outlining the authority and authorisation limits for management in all aspects of its major business operations;

d Up-to-date and formalised documented internal policies, standards and procedures are in place;

e Segregation of duties whereby tasks are apportioned between different members of staff to reduce the scope for error and fraud;

f Regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against strategic plans;

g Annual budgetary exercise requiring all Business Units/ Functional Groups to prepare budgets and business plans for the forthcoming year, to be deliberated upon and approved by the Board before implementation;

h Monthly monitoring and half-yearly review of the Group's performance against budgets with any major variances deliberated by the Board;

i A policy on auditor's independence relating to, inter-alia, the requirement for the lead and concurring audit partners to be subject to a 5 year rotation with a 5 year cooling-off period. Planned statutory audit and non-audit services by external auditors requires prior approval by the Audit Committee;

j Engagement of external auditors to conduct limited review for quarterly financial results;

k Formal semi-annual and annual appraisals, directed by Key Performance Indicators which are based on the Balanced Scorecard approach are in place to measure staff performance. Training and development programmes are established to ensure that staff are kept up-to-date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives; and

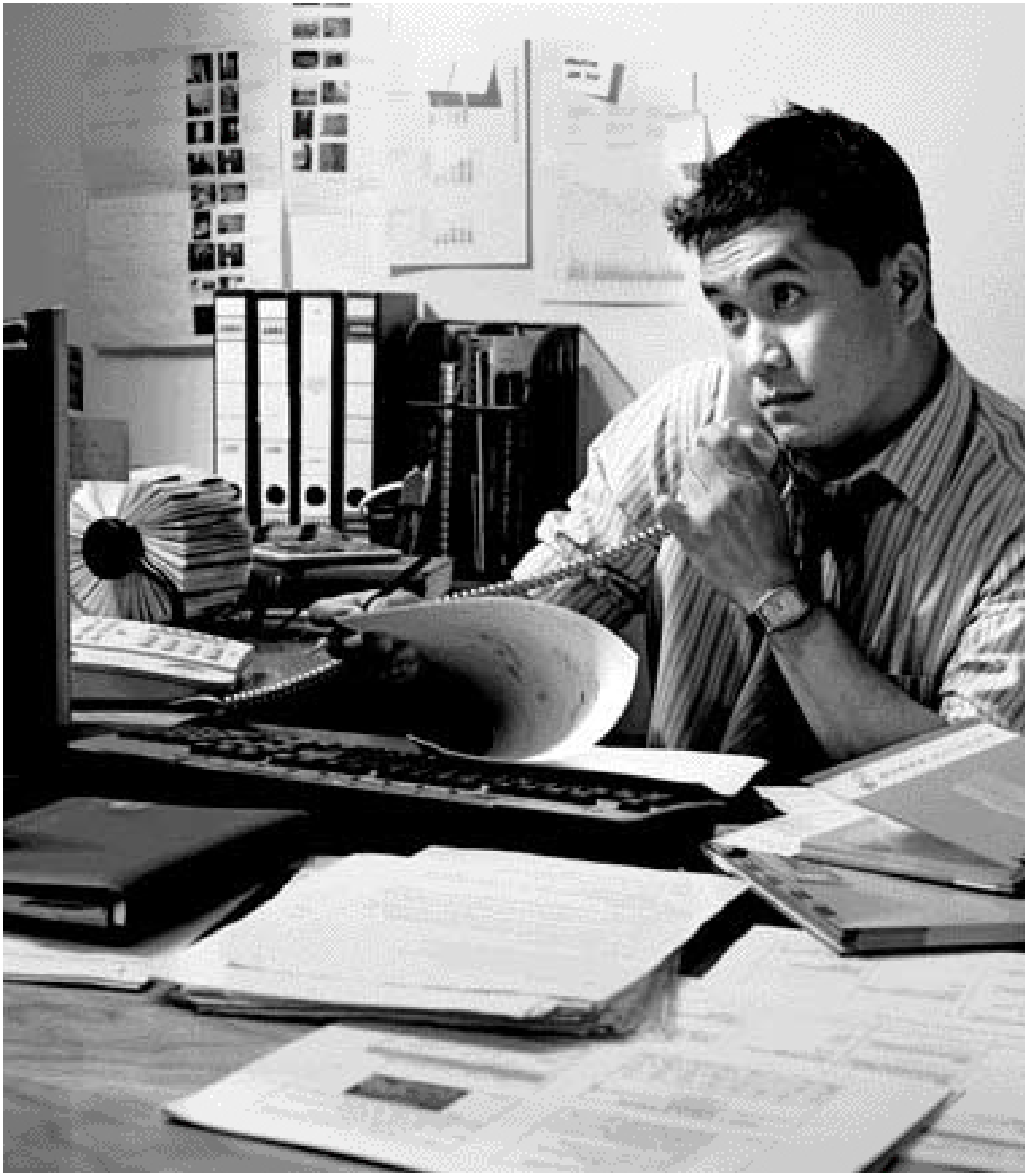
l Engagement of an independent external auditor to conduct a System Review on the new Bursa Trade system, specifically the derivatives trading module, to provide assurance to the Securities Commission that the system has undergone adequate review prior to implementation.

5 REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.24 of the Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the annual report for the year ended 31 December 2006 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

6 CONCLUSION

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the shareholders' investment, the interest of customers, regulators and employees, and the Group's assets.



The Board is pleased to present the Audit Committee report for the financial year ended 31 December 2006.

AUDIT COMMITTEE REPORT

1 COMPOSITION

The Audit Committee comprises 5 Directors, 3 of whom including the Chairman are Independent Non-Executive Directors. Please refer to page 089 for the composition of the Audit Committee.

2 TERMS OF REFERENCE

2.1 Duties And Responsiblities

To assist the Board in fulfilling its duties and responsibilities of Bursa Malaysia and its group of companies (the Group) by:

a Reviewing the Group's quarterly and annual financial statements;

b Reviewing the External Auditors' audit plan, scope of their audits and audit reports and recommending the appointment of the External Auditors and related fees;

c Reviewing Group Internal Audit's audit reports, the adequacy of the scope, functions and resources of the internal audit function as well as whether it has the necessary authority to carry out its responsibilities;

d Assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies;

e Reviewing any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of management integrity;

f Verifying the allocation of options pursuant to the Employees' Share Option Scheme (ESOS) at the end of each financial year as being in compliance with the criteria which are disclosed to the employees; and

g Reviewing the annual Statement of Internal Control to be published in the Annual Report.

2.2 Members

a The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of no less than 3 members, the majority of whom shall be independent non-executive directors. At least one member of the Audit Committee must be:

i A registered member of the Malaysian Institute of Accountants (MIA); or

ii If he is not a member of the MIA, he must have at least 3 years' working experience; and

- He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

b No alternate director shall be appointed as a member of the Audit Committee.

c Dato' Abdul Wahid bin Omar, the Chairman of the Audit Committee is an independent non-executive director and a member of the Association of Chartered Certified Accountants (United Kingdom) and the MIA. The Company is therefore in compliance with paragraph 15.10(1)(c)(i) of the LR of Bursa Malaysia Securities Berhad.

3 MEETINGS

a The Audit Committee held 7 meetings during the year. The details of the attendance of the Audit Committee members are as follows:

Audit Committee	Attendance
Dato' Abdul Wahid bin Omar **Chairman**	7/7
Datuk Azman bin Abdul Rashid	7/7
Datin Paduka Siti Sa'diah binti Sheikh Bakir	7/7
Dr. Thillainathan A/L Ramasamy	5/7
Cheah Tek Kuang	5/7

b External Auditors' representative(s) are invited to attend the Audit Committee meeting in the review of quarterly financial results and annual audited financial statements. Where there are unsatisfactory audit ratings, relevant senior management are invited to brief the Audit Committee on specific issues.

c A meeting is convened with the External Auditors at least once a year where the Executive Director and/or the Management are not in attendance. Employees of the Group shall not attend unless specifically invited by the Audit Committee. There were 2 meetings held in 2006, 13 February 2006 and 30 November 2006.

d Minutes of meetings are distributed to each member of the Audit Committee and subsequently distributed to the Board for their notation.

4 SUMMARY OF ACTIVITIES

4.1 The Audit Committee's activities during the financial year ended 31 December 2006 encompassed review of the following:

a External Auditors' Planning Memorandum and their appointment and remuneration. The Audit Committee reviewed the External Auditors' appointment for 2006 at its First Meeting (held on 13 February 2006) and the External Auditors' Planning Memorandum and remuneration for the financial year ending 31 December 2006 at its Sixth Meeting (held on 30 November 2006);

b Financial reporting i.e. quarterly and annual financial statements before recommending to the Board for approval;

c External Auditors' report and significant findings and areas for improvement, if any;

d Internal Auditors' Annual Audit Plan, scope of audits and their audit reports. The Audit Committee approved the Internal Auditors' Annual Audit Plan for 2007 at its Sixth Meeting (held on 30 November 2006);

e Quarterly status reports of the activities performed by the Internal Auditors;

f Post-mortem report on the Annual Audit Plan for 2005 submitted by the Internal Auditors. The Audit Committee reviewed the post-mortem report at the Second Audit Committee Meeting held on 24 April 2006;

g ESOS allocation and compliance with the criteria as approved by the Option Committee;

h Policy on External Auditor's Independence relating to, inter-alia, the requirement for the lead and concurring audit partners to be subject to a 5 year rotation with a 5 year cooling-off period as well as prior approval by the Audit Committee of planned statutory audit and non-audit services by External Auditors; The policy was approved by the Audit Committee at its Third Meeting (held on 29 May 2006);

i Other such matters as the Audit Committee considers appropriate or as authorised by the Board.

5 INTERNAL AUDIT FUNCTION

5.1 In discharging its responsibilities, the Audit Committee is assisted by an independent Internal Audit function which comprises a staff strength of 12. A risk-based approach is used to ensure that the auditable areas are prioritised according to the risk level accorded. The main activities of the Internal Audit function are, amongst others, as follows:

a Performing Information System (IS) and Information Technology (IT) audits on the following areas:
- i Facilities management functions supporting the core application systems of the Group;
- ii IT project management of the Group;
- iii System development and maintenance of core application systems of the Group; and
- iv IT related functions supported by third party vendors.

b Performing operational audits on the following areas:
- i Core Business and Support Services functions of the Group;
- ii Quarterly stock count of Central Depository System (CDS) scrips maintained by Bursa Malaysia Depository Sdn Bhd;
- iii System administration and support; and
- iv Reviewing compliance with the Group's Guidelines on Handling Conflicts of Interest, where conflict may exist between the interests of the Group and the proper performance of its regulatory duties.

c Providing consulting activity and performing compliance review for:
- i Project Assurance;
- ii Tenders that require the Internal Auditors' involvement;
- iii Readiness review on key system development projects as required by the Securities Commission; and
- iv Monitoring of share transactions by staff.

d Undertaking investigations on any report given to Internal Audit concerning suspicion of fraud or operational failures reported to them within the Group.

5.2 The Annual Audit Plan for 2006 was approved by the Audit Committee at its Fifth Meeting (held on 27 October 2005). A total of 70 audits were conducted for the year 2006 as follows:

Functional Area	No. Of Audits
Core Business functions	30
Support Services functions	24
Information Systems/Information Technology functions	16
TOTAL	70

5.3 The results of the audits provided in the Internal Audit reports are reviewed by the Audit Committee. Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

The Group's Internal Audit shall follow up with the Management to ensure that corrective action is implemented according to the agreed time frames and provide update on the status of such actions in their Internal Audit reports.

6 EXTERNAL AUDIT FUNCTION

6.1 Apart from performing planned statutory audit, the External Auditors also provide non-audit services.

However, these services are subject to the Policy on Auditor's Independence and prior approval by the Audit Committee.

6.2 The Audit Committee has received relevant information on the External Auditors' independence including the nature of non-audit services provided by the External Auditors during 2006.

Based on this information, the Audit Committee has no reason to believe that such engagements have or will impair the independence of the External Auditors. The Audit Committee has recommended the re-appointment of the External Auditors.

Bursa Malaysia is committed to providing complete, transparent and timely information to the market about its business and operations, its financial condition, strategies and future prospects. The objective is the fair and accurate representation of the Company, so that investors and potential investors can make properly informed investment decisions, and other stakeholders can have a balanced understanding of the Company and its objectives.

THE COMPANY ACTIVELY COMMUNICATES WITH A WIDE AUDIENCE OF INVESTORS, ANALYSTS, FUND MANAGERS, THE MEDIA, ITS EMPLOYEES AND THE PUBLIC GENERALLY. ANNOUNCEMENTS ARE MADE IMMEDIATELY WHEN REQUIRED BY THE LISTING REQUIREMENTS OF THE EXCHANGE, AND ARE ACCOMPANIED BY PRESS RELEASES, WHEN NECESSARY, TO ENSURE WIDE DISSEMINATION OF ALL MATERIAL INFORMATION.

INVESTOR RELATIONS

In 2006, the Company established its Investor Relations Policy. The policy outlines a process of ongoing engagement with the Company's shareholders and other stakeholders, in which the following main communication channels are used:

a The Annual General Meeting is especially important for individual shareholders, as it provides the main forum for direct dialogue with the Board. The meeting is usually attended by all Directors, and a special presentation is given to provide the audience with a proper overview of Bursa Malaysia's financial performance and business activities. Shareholders are encouraged to raise relevant issues about the Company's performance and operations, and every effort is made to give comprehensive answers to queries.

b The Company website (www.bursamalaysia.com) is regarded as an important communications medium. The Investor Relations section allows all stakeholders access to relevant corporate information, including the Annual Report, Quarterly Reports of interim financial results, announcements and presentations given to shareholders, analysts and the media. Through the website, queries and concerns regarding Bursa Malaysia may be directed by email to Investor Relations (ir@bursamalaysia.com). Shareholders and other stakeholders can also register to receive email alerts of breaking news concerning the Company. Since its inception, the website has become an active and popular communications channel.

c Road-shows and Briefings are used to maintain an open and continuing dialogue with analysts and fund managers at home and abroad. During 2006, road-show events were attended domestically and internationally, in Singapore, Hong Kong, Japan, Dubai, Europe and the USA. Briefings are held for analysts and the media in conjunction with the announcement of the Company's financial results at the fiscal half-year and full year. The occasion is organised to allow for 'virtual attendance' by way of teleconference for those who cannot be present in person, and the proceedings are recorded for subsequent display on the Company's website.

d Investor Meetings are held with institutional investors, fund managers and analysts throughout the year, often in association with roadshows. In addition, Bursa Malaysia attempts to hold individual meetings with all substantial shareholders at least once annually. In 2006, more than 100 investors and fund managers have attended these meetings. These occasions provide an opportunity for Senior Management to update participants on Bursa Malaysia's financial performance, market developments, as well as to share the Company's direction and strategies. While institutional shareholders and analysts may have more regular contact with Bursa Malaysia, special care is taken to ensure that any material, price-sensitive information is disseminated to all shareholders at the same time.

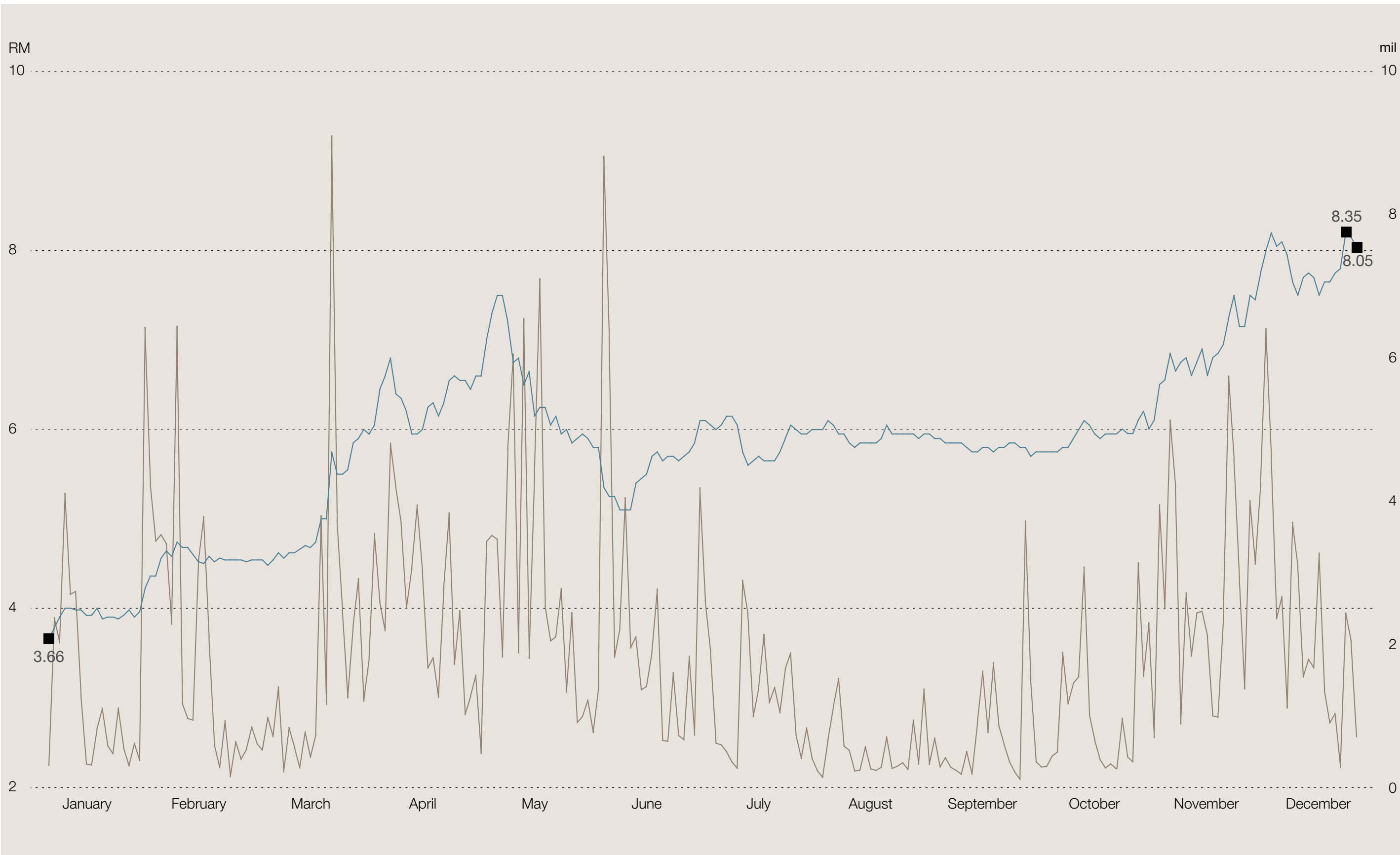
The Board is kept up-to-date on Investor Relations activities with periodic reports on matters such as:

- Analysts' coverage and opinion
- Brief details of road-shows
- Meetings with institutional investors
- Analysis of share price movements
- Shareholder composition

Dividend Policy: We expect to declare and pay dividend of not less than 75% of our profit after tax. For year 2006, the payout was 92%.

BURSA MALAYSIA'S SHARE PRICE PERFORMANCE IN 2006

- The average closing price for the period was RM5.85, with the high price being RM8.35 (28 December 2006), and the lowest being RM3.66 (3 January 2006).
- The closing price of Bursa Malaysia's share on 29 December 2006 (the last trading day of the year) was RM8.05, which represents a 120% increase compared to the beginning of year 2006.
- Total shareholders' returns for the year (capital gains + dividends + special dividend) were 131%



BURSA MALAYSIA'S SHARE PRICE PERFORMANCE

— Share Volume
— Share Price

HUMAN CAPITAL AND REMUNERATION

A key driver for a successful business is its human capital. Bursa Malaysia's human capital strength stood at 599 employees, comprising 467 executives and 132 non-executives, as at 31 December 2006. We are committed to creating a conducive, high-performing work environment that engages and recognizes the best people for their achievements. In the 2006 Employee Engagement Index (EEI) survey, a marked improvement in the engagement results demonstrated the impact of the various initiatives sponsored throughout the year.

In line with Bursa Malaysia's overall strategic objective to continuously enhance the skills and knowledge of employees, we have embarked on several initiatives in our people development model, including:

- 360 degree feedback that involves senior management levels
- Succession planning for key positions
- Job rotation

At Bursa Malaysia, our Wellness Programme focuses on the total well-being of our employees. During the year, we arranged a series of lunch time health talks, provided healthy life style tips, health screenings and in-house counselling services, and organised gymnasium orientation and evening runs. We also organised the annual sports carnival, the employee gala dinner, and departmental get-togethers.

At Bursa Malaysia we take integrity and ethics seriously. We have a statutory duty to always act in the public interest and to maintain a fair and orderly capital market. Adherence to ethical values creates and promotes an environment of mutual trust, consideration for fellow employees and responsible behaviour. A Code of Ethics is incorporated in the Human Resources Manual and we conduct in-house programmes for all of the employees. The Code of Ethics is applied within the framework of the law and customs of Malaysia, in conjunction with Bursa Malaysia's directives, guidelines and policies. Violation of the Code of Ethics will not be tolerated and will result in appropriate disciplinary action being taken, including dismissal of the employee concerned.

We recognise the challenge and need to identify, attract, develop and retain the right people to sustain our performance culture. In 2006, Bursa Malaysia designed and sponsored the Management Trainee Programme which recruits talented graduates for rotating placements in our business units. We also have a Scholarship Programme which sponsors talented individuals pursuing tertiary qualifications in the fields of finance, economics, and information technology.

Bursa Malaysia's remuneration practice is aligned closely with industry benchmarks. Our reward programme is designed to support individual excellence, encourage productivity improvements and contribute towards the achievement of organisational objectives. Our market-competitive remuneration is important in attracting, retaining and motivating high calibre employees. This reward framework is made up of merit increments, performance bonus and stock options. It is linked to the organisation's values and performance expectations, and it is transparent and equitable.

RENEWAL WORKOUT (RWO)

Customer service was the focus for this year's Renewal Workout (RWO), focused on our commitment to Quality. 7 RWO teams were formed across Bursa Malaysia within the common objective of improving communication and contact with Bursa Malaysia's stakeholders. The recommendations of the teams called for the conduct of dialogue sessions, focus groups and site visits.

A compulsory programme entitled 'Putting Customers First' was conducted for all staff taking into account the feedback of the annual Customer Satisfaction Survey conducted by independent consultants. Following the programme, employees were encouraged to form express RWO teams to brainstorm on areas for improvement. The common areas identified for improvement were reviewed by the Management Committee. Where necessary, further RWO teams were then formed to look at specific areas requiring improvement.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tun Mohamed Dzaiddin bin Haji Abdullah
Chairman, Non-Executive Director and Public Interest Director

Dato' Abdul Latif bin Abdullah
Non-Executive Director and Public Interest Director

Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego
Non-Executive Director and Public Interest Director

Datuk Azman bin Abdul Rashid
Non-Executive Director and Public Interest Director

Datin Paduka Siti Sa'diah binti Sheikh Bakir
Independent Non-Executive Director

Dr. Thillainathan a/l Ramasamy
Independent Non-Executive Director

Dato' Abdul Wahid bin Omar
Independent Non-Executive Director

Izham bin Yusoff
Independent Non-Executive Director

Dato' Wong Puan Wah @ Wong Sulong
Independent Non-Executive Director

Dato' Seri Hwang Sing Lue
Non-Independent Non-Executive Director

Cheah Tek Kuang
Non-Independent Non-Executive Director

Peter Leong Tuck Leng
Non-Independent Non-Executive Director

Dato' Yusli bin Mohamed Yusoff
Non-Independent Executive Director
and Chief Executive Officer

COMPANY SECRETARIES

Yong Hazadurah binti Md. Hashim
LS 006674

Hong Soo Yong, Suzanne
MAICSA 7026744

REGISTERED OFFICE

15th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Tel.: 603-2034 7000
Fax.: 603-2732 6437
E-mail: enquiries@bursamalaysia.com
Web: www.bursamalaysia.com

FORM OF LEGAL ENTITY

Incorporated on 14 December 1976 as a public company limited by guarantee. Converted to a public company limited by shares on 5 January 2004 pursuant to the Demutualisation (Kuala Lumpur Stock Exchange) Act 2003

STOCK EXCHANGE LISTING

Listed on Main Board of Bursa Malaysia Securities Berhad on 18 March 2005
Stock Code: 1818
Stock Name: BURSA

INVESTOR RELATIONS

Koay Lean Lee
14th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur.
Tel.: 603-2034 7306
Fax.: 603-2732 3273
E-mail: ir@bursamalaysia.com

REGISTRAR

Tenaga Koperat Sdn Bhd 118401-V
20th Floor, Plaza Permata, Jalan Kampar
Off Jalan Tun Razak, 50400 Kuala Lumpur
Tel.: 603-4041 6522
Fax.: 603-4042 6352

AUDITORS

Ernst & Young AF 0039
Chartered Accountants
Level 23A, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, 50490 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Bhd 3813-K
Menara Maybank
100, Jalan Tun Perak, 50050 Kuala Lumpur

CIMB Bank Berhad 13491-P
5th Floor, Bangunan CIMB
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur

Wholly-owned subsidiaries of Bursa Malaysia Berhad

1 Bursa Malaysia Securities Berhad 635998-W
Date of Incorporation: 4 December 2003
Principal Activities: Provide, operate and maintain a securities exchange

2 Bursa Malaysia Derivatives Berhad 261937-H
Date of Incorporation: 17 April 1993
Principal Activities: Provide, operate and maintain a futures and options exchange

3 Labuan International Financial Exchange Inc LL 02032
Date of Incorporation: 30 July 1999
Principal Activities: Provide, operate and maintain an offshore financial exchange

4 Bursa Malaysia Securities Clearing Sdn Bhd 109716-D
Date of Incorporation: 12 November 1983
Principal Activities: Provide, operate and maintain a clearing house for the securities exchange

5 Bursa Malaysia Derivatives Clearing Berhad 358677-D
Date of Incorporation: 9 September 1995
Principal Activities: Provide, operate and maintain a clearing house for the futures and options exchange

6 Bursa Malaysia Depository Sdn Bhd 165570-W
Date of Incorporation: 26 October 1987
Principal Activities: Provide, operate and maintain a central depository for securities listed on the securities exchange

7 Bursa Malaysia Information Sdn Bhd 152961-H
Date of Incorporation: 2 May 1986
Principal Activities: Provide and disseminate prices and other information relating to securities quoted on exchanges within the group

Wholly-owned subsidiaries of Bursa Malaysia Berhad

8 Bursa Malaysia IT Sdn Bhd 213411-K
Date of Incorporation: 7 March 1991
Principal Activities: Dormant

9 Bursa Malaysia Property Sdn Bhd 147792-H
Date of Incorporation: 27 November 1985
Principal Activities: Dormant

10 KLOFFE Information Systems Sdn Bhd 319465-T
Date of Incorporation: 11 October 1994
Principal Activities: Dormant

Wholly-owned subsidiaries of Bursa Malaysia Derivatives Berhad

11 Malaysia Monetary Exchange Berhad 247161-A
Date of Incorporation: 19 August 1992
Principal Activities: Dormant

12 Commodity and Monetary Exchange of Malaysia 60226-D
Date of Incorporation: 14 July 1980
Principal Activities: Dormant

Wholly-owned subsidiary of Bursa Malaysia Depository Sdn Bhd

13 Bursa Malaysia Depository Nominees Sdn Bhd 240297-W
Date of Incorporation: 15 May 1992
Principal Activities: Act as a nominee for Bursa Malaysia Depository and receives securities on deposit or for safe-custody or management

GROUP CORPORATE STRUCTURE

BURSA MALAYSIA BERHAD
30632-P

- **100%** BURSA MALAYSIA SECURITIES BERHAD
  635998-W
- **100%** BURSA MALAYSIA DERIVATIVES BERHAD
  261937-H
  - **100%** MALAYSIA MONETARY EXCHANGE BHD
    247161-A
  - **100%** COMMODITY AND MONETARY EXCHANGE OF MALAYSIA
    60226-D
- **100%** LABUAN INTERNATIONAL FINANCIAL EXCHANGE INC
  LL 02032
- **100%** BURSA MALAYSIA SECURITIES CLEARING SDN BHD
  109716-D
- **100%** BURSA MALAYSIA DERIVATIVES CLEARING BERHAD
  358677-D
- **100%** BURSA MALAYSIA DEPOSITORY SDN BHD*
  165570-W
  - **100%** BURSA MALAYSIA DEPOSITORY NOMINEES SDN BHD
    240297-W
- **100%** BURSA MALAYSIA INFORMATION SDN BHD
  152961-H
- **100%** BURSA MALAYSIA IT SDN BHD
  213411-K
- **100%** BURSA MALAYSIA PROPERTY SDN BHD
  147792-H
- **100%** KLOFFE INFORMATION SYSTEMS SDN BHD
  319465-T

* The acquisition of the remaining 25% stake in Bursa Malaysia Depository of Bursa Malaysia Berhad was completed on 2 March 2006, hence making Bursa Malaysia Depository a wholly-owned subsidiary of Bursa Malaysia Berhad

- Chief Executive Officer
  DATO' YUSLI BIN MOHAMED YUSOFF
  - Chief Operating Officer
    OMAR BIN MALEK ALI MERICAN
    - Head, Group Business Development
      ZAINI BINTI LONG
    - Head, Exchange, Clearing, Settlement & Depository
      CHEAH SIN KEAT
    - Head, Information Services
      CHUA KONG KHAI
  - Chief Regulatory Officer
    DEVANESAN EVANSON
  - Chief Financial Officer
    NADZIRAH BINTI ABDUL RASHID
  - Chief Legal Officer
    SELVARANY RASIAH
  - Chief Information Officer
    YEW KIM KEONG
  - Head, Group Human Resources & Administration
    HUSIN JAMAL BIN HASNAR
  - Head, Group Strategy
    ADHHA BIN ABDULLAH
  - Head, Group Internal Audit & Risk Management
    LEW LUP SEONG

GOVERNANCE MODEL OF BURSA MALAYSIA

BOARD OF DIRECTORS
BURSA MALAYSIA

Committees

- Governance Committees
  - Audit Committee
  - Nomination & Remuneration Committee
  - Investment Advisory Committee
  - Risk Management Committee
  - Option Committee
  - Rules & Development Committee
- Consultative Panels
  - Securities Market
  - Derivatives Market
  - Islamic Capital Market
- Regulatory Committees
  - Listing Committee ●
  - Disciplinary Committee ■
  - Participation Committee ■
  - Compensation Committee ▲
  - Appeals Committee ■
- LFX Exchange Committee
  - Listing Committee
  - Disciplinary Committee
  - Licensing Committee

Companies

- ● ▲ ■ Bursa Malaysia Securities
- ▲ ■ Bursa Malaysia Derivatives
- Labuan International Financial Exchange Inc (LFX)
- ■ Bursa Malaysia Securities Clearing
- ■ Bursa Malaysia Derivatives Clearing
- ▲ ■ Bursa Malaysia Depository
- Bursa Malaysia Depository Nominees
- Bursa Malaysia Information
- Bursa Malaysia IT
- Bursa Malaysia Property
- KLOFFE Information
- Yayasan Bursa Malaysia

● ▲ ■ symbolise the corresponding Regulatory Committees to the relevant companies

1 GOVERNANCE COMMITTEES

Classification	Name	AC	IAC	RMC	NRC	OC	EXCO
Non-Executive and Public Interest Directors	Tun Mohamed Dzaiddin bin Haji Abdullah			note 3 1/1	8/8	4/4	8/8
	Dato' Abdul Latif bin Abdullah		2/4				
	Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego			4/4			
	Datuk Azman bin Abdul Rashid	7/7		note 4 3/3			
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir	7/7			7/8	3/4	
	Dr. Thillainathan a/l Ramasamy	5/7	4/4	3/4			
	Dato' Abdul Wahid bin Omar	7/7	note 1 3/4		7/8	3/4	
	Izham bin Yusoff				7/8	3/4	7/8
	Dato' Wong Puan Wah @ Wong Sulong		note 2				
Non-Independent Non-Executive Directors	Dato' Seri Hwang Sing Lue			4/4			
	Cheah Tek Kuang	5/7	4/4	4/4			
	Peter Leong Tuck Leng				8/8	4/4	7/8
Non-Independent Executive Director	Dato' Yusli bin Mohamed Yusoff		3/4				8/8
Other Members	Md. Nor bin Ahmad						note 5 2/2
	Khairussaleh bin Ramli						note 6 6/6
	Omar bin Malek Ali Merican						note 7 5/6
	Nadzirah binti Abdul Rashid						note 8 1/2
Total number of meetings for 2006		**7**	**4**	**4**	**8**	**4**	**8**

Chairman
Member
Non-member

AC Audit Committee
IAC Investment Advisory Committee
RMC Risk Management Committee
NRC Nomination and Remuneration Committee
OC Option Committee
EXCO Executive Committee *(was dissolved on 31 December 2006)*

note 1 up to 31 December 2006
note 2 from 1 January 2007
note 3 up to 11 May 2006
note 4 from 12 May 2006
note 5 up to 11 May 2006
note 6 up to 31 August 2006
note 7 from 12 May 2006
note 8 from 1 September 2006

BOARD COMMITTEES

2 REGULATORY COMMITTEES

Classification	Name	Attendance LC	DC	PC	CC	APPC
Non-Executive and Public Interest Directors	Tun Mohamed Dzaiddin bin Haji Abdullah					5/5
	Dato' Abdul Latif bin Abdullah		8/9	note 1 5/5	note 9 1/2	
	Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	12/12			note 10 2/2	
	Datuk Azman bin Abdul Rashid					5/5
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir					4/5
	Dr. Thillainathan a/l Ramasamy		6/9		nil	
	Izham bin Yusoff	10/12		5/5		
	Dato' Wong Puan Wah @ Wong Sulong			note 2	note 11	
Non-Independent Non-Executive Directors	Dato' Seri Hwang Sing Lue			5/5	2/2	
	Cheah Tek Kuang					4/5
	Peter Leong Tuck Leng	12/12			2/2	
Independent individuals with significant and relevant industry experiences	Dato' Abdul Hamidy bin Hafiz	10/12				
	Izlan bin Izhab					5/5
	Md. Nor bin Ahmad			note 8 2/3		
	Iskander bin Ismail	10/12				
	Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	5/12				
	Dato' Mohammed Adnan bin Dato' Shuaib		7/9			
	Devanesan Evanson			note 7 2/2		
	Chan Guan Seng		8/9	note 4 2/2		
	Eugene Paul Lai Chin Look			note 5 3/3		
	Richard Tong Kooi Keong			note 6 2/3		
	Ng Chin Leng		9/9	note 3 2/2		
	Datuk Azzat bin Kamaludin	11/12				
	Dato' Thomas Lee Mun Lung					5/5
	Tuan Haji Abdul Kadir bin Haji Md. Kassim	4/12				
Total number of meetings for 2006		**12**	**9**	**5**	**2**	**5**

Chairman
Member
Non-member

LC : Listing Committee
DC : Disciplinary Committee
PC : Participation Committee
CC : Compensation Committee
APPC : Appeals Committee

note 1 up to 31 December 2006
note 2 from 1 January 2007
note 3 up to 11 May 2006
note 4 up to 11 May 2006
note 5 from 12 May 2006
note 6 from 12 May 2006
note 7 from 1 August 2006
note 8 up to 31 July 2006
note 9 up to 31 December 2006 *(previously chairman up to 11 May 2006)*
note 10 from 12 May 2006 *(previously member)*
note 11 from 1 January 2007

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Financial Review

FINANCIAL CALENDAR

2007
31 JANUARY
Announcement of the audited consolidated results for the 4th quarter and financial year ended 31 December 2006.

2007
6 APRIL
30th Annual General Meeting.

26 APRIL
Announcement of the consolidated results for the 1st quarter ending 31 March 2007.

2007
26 JULY
Announcement of the consolidated results for the 2nd quarter ending 30 June 2007.

2007
29 OCTOBER
Announcement of the consolidated results for the 3rd quarter ending 30 September 2007.

2008
JANUARY
Announcement of the audited consolidated results for the 4th quarter and financial year ending 31 December 2007.

The Directors are required by the Companies Act, 1965 (the Act) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and the results and cash flows of the Group and of the Company for the financial year. The Directors have responsibility in ensuring that the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

THE DIRECTORS HAVE PREPARED THE FINANCIAL STATEMENTS ON A GOING-CONCERN BASIS. THE DIRECTORS CONSIDER THAT, IN PREPARING THE FINANCIAL STATEMENTS, THE GROUP AND THE COMPANY HAVE USED APPROPRIATE ACCOUNTING POLICIES THAT ARE CONSISTENTLY APPLIED AND SUPPORTED BY REASONABLE AND PRUDENT JUDGMENTS AND ESTIMATES. THE DIRECTORS HAVE RESPONSIBILITY FOR ENSURING THAT THE GROUP AND THE COMPANY KEEP ACCOUNTING RECORDS, WHICH DISCLOSE WITH REASONABLE ACCURACY THE FINANCIAL POSITION OF THE GROUP AND THE COMPANY, WHICH ENABLE THEM TO ENSURE THAT THE FINANCIAL STATEMENTS COMPLY WITH THE ACT.

THE DIRECTORS ARE ALSO RESPONSIBLE FOR TAKING SUCH STEPS AS ARE REASONABLY OPEN TO THEM TO SAFEGUARD THE ASSETS OF THE GROUP AND TO DETECT AND PREVENT FRAUD AND OTHER IRREGULARITIES.

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are to operate the securities, derivatives and offshore exchanges in Malaysia and the related depository and clearing houses. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

RM'000	Group	Company
Profit for the year attributable to:		
Equity holders of the Company	108,105	106,404
Minority interest	804	-
	108,909	**106,404**

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2005 were as follows:

RM'000	
In respect of the financial year ended 31 December 2005, as reported in the Directors' report of that year:	
Final dividend of 10.0 sen per share less 28 per cent taxation, on 516,485,000 ordinary shares, declared on 28 April 2006 and paid on 31 May 2006	37,187
In respect of the financial year ended 31 December 2006:	
Interim dividend of 12.5 sen per share less 28 per cent taxation, on 516,993,000 ordinary shares, declared on 27 July 2006 and paid on 28 August 2006	46,529
Special dividend of 28.0 sen per share less 28 per cent taxation, on 519,267,000 ordinary shares, declared on 31 October 2006 and paid on 30 November 2006	104,684
	151,213
Total dividends paid since 31 December 2005	**188,400**

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 14.0 sen per share less 27 per cent taxation on 519,602,000 ordinary shares, amounting to a dividend payable of approximately RM53,103,000 (10.22 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and as at the date of this report are:

- Tun Mohamed Dzaiddin bin Haji Abdullah
- Dato' Abdul Latif bin Abdullah
- Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego
- Datuk Azman bin Abdul Rashid
- Datin Paduka Siti Sa'diah binti Sheikh Bakir
- Dr. Thillainathan a/l Ramasamy
- Dato' Abdul Wahid bin Omar

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme ("ESOS").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company, as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.50 Each				
'000	1.1.2006	Purchased	Options exercised	Sold	31.12.2006
Direct Interest					
Tun Mohamed Dzaiddin bin Haji Abdullah	145	10	-	(20)	135
Dato' Abdul Latif bin Abdullah	100	-	-	(50)	50
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	100	-	-	-	100
Datuk Azman bin Abdul Rashid	38	-	-	(13)	25
Datin Paduka Siti Sa'diah binti Sheikh Bakir	67	-	-	(15)	52
Dr. Thillainathan a/l Ramasamy	50	-	-	-	50
Dato' Abdul Wahid bin Omar	100	-	-	(50)	50
Izham bin Yusoff	100	-	-	(90)	10
Dato' Seri Hwang Sing Lue	100	-	-	-	100
Cheah Tek Kuang	50	-	-	-	50
Peter Leong Tuck Leng	100	-	-	-	100
Dato' Yusli bin Mohamed Yusoff	585	-	500	(185)	900

	Number of Options Over Ordinary Shares of RM0.50 Each			
'000	1.1.2006	Granted	Exercised	31.12.2006
Dato' Yusli bin Mohamed Yusoff	5,000	-	(500)	4,500

The remaining 4,500,000 options have not been vested and will be vested based on performance.

Other than the above, the Directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM256,530,000 to RM259,801,000 by way of issuance of 6,542,000 ordinary shares of RM0.50 each for cash, pursuant to the Company's ESOS at exercise prices of between RM2.31 and RM4.07 per ordinary share.

ESOS

The Bursa Malaysia Berhad ESOS is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 11 December 2004. The ESOS was implemented on 9 March 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient terms of the ESOS are as disclosed in Note 28(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 200,000 ordinary shares of RM0.50 each.

Employees who were granted options to subscribe for 200,000 or more ordinary shares of RM0.50 each during the financial year were as follows:

Name	Grant date	Expiry date	Exercise price*	Number of Share Options			
				1.1.2006	Granted	Exercised	31.12.2006
			RM	'000	'000	'000	'000
Devanesan a/l J A Evanson	9.3.2006	8.3.2010	2.46	-	210	(210)	-
Khairussaleh Ramli **	9.3.2006	8.3.2010	2.46	-	210	(210)	-
Omar bin Malek Ali Merican	9.3.2006	8.3.2010	3.35	210	381	(591)	-
Selvarany a/p Rasiah	9.3.2006	8.3.2010	2.46	-	200	-	200

* The price adjustments are provided for under Bye-Law 13.1 of the ESOS Bye-Laws.

** Khairussaleh Ramli resigned with effect from 1 September 2006.

OTHER STATUTORY INFORMATION

a **Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:**

i to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision 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 it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

ii the values attributed to current assets in the financial statements of the Group and of the Company misleading.

c **At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.**

d **At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.**

e **As at the date of this report, there does not exist:**

i any charge on the assets of the Group and of the Company 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 Group or of the Company which has arisen since the end of the financial year.

f **In the opinion of the Directors:**

i no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

ii no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Notes 15 and 37 to the financial statements.

SUBSEQUENT EVENT

There were no significant subsequent events.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 January 2007.

Tun Mohamed Dzaiddin bin Haji Abdullah

Dato' Yusli bin Mohamed Yusoff

We, Tun Mohamed Dzaiddin bin Haji Abdullah and Dato' Yusli bin Mohamed Yusoff, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 104 to 161 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 January 2007.

Tun Mohamed Dzaiddin bin Haji Abdullah

Dato' Yusli bin Mohamed Yusoff

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Nadzirah binti Abdul Rashid, being the officer primarily responsible for the financial management of Bursa Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 104 to 161 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Nadzirah binti Abdul Rashid at Kuala Lumpur in the Federal Territory on 31 January 2007

Nadzirah binti Abdul Rashid

Before me,
Teong Kian Meng
No. W147
Commisioner for Oaths
Lot 112, Tingkat Satu
Wisma MPL, Jalan Raja Chulan
50200 Kuala Lumpur

We have audited the accompanying financial statements set out on pages 104 to 161. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

   i the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   ii the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

b the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young	**Abdul Rauf bin Rashid**
AF: 0039	No. 2305/05/08(J)
Chartered Accountants	Partner

Kuala Lumpur, Malaysia
31 January 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Group		Company	
		2006	2005 (restated)	2006	2005 (restated)
RM'000					
Operating revenue	3	262,118	192,285	284,515	252,702
Other income	4	39,825	65,344	19,942	36,109
		301,943	257,629	304,457	288,811
Staff costs	5	(77,696)	(71,164)	(77,696)	(61,645)
Depreciation and amortisation	6	(16,055)	(13,263)	(15,932)	(12,726)
Other operating expenses	7	(54,686)	(59,650)	(53,616)	(50,487)
Profit from operations		**153,506**	**113,552**	**157,213**	**163,953**
Finance costs	9	(593)	(333)	(82)	-
Profit before tax		**152,913**	**113,219**	**157,131**	**163,953**
Income tax expense	10	(44,004)	(32,311)	(50,727)	(47,387)
Profit for the year		**108,909**	**80,908**	**106,404**	**116,566**
Attributable to:					
Equity holders of the Company		108,105	76,971	106,404	116,566
Minority interest		804	3,937	-	-
		108,909	80,908	106,404	116,566
Earnings per share attributable to equity holders of the Company (sen):					
Basic	11(a)	20.9	15.9		
Diluted	11(b)	20.0	15.6		

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

RM'000	Note	Group 2006	Group 2005 (restated)	Company 2006	Company 2005 (restated)
Assets					
Non-current Assets					
Property, plant and equipment	13	325,341	335,391	327,150	332,873
Computer software	14(a)	28,386	28,158	28,386	28,158
Goodwill	14(b)	44,720	44,720	29,494	29,494
Investment in subsidiaries	15	-	-	182,717	147,092
Other investments	16	95,772	92,197	50,206	29,375
Staff loans receivable	17	26,850	28,713	24,435	25,909
Deferred tax assets	18	706	1,219	-	-
		521,775	530,398	642,388	592,901
Current Assets					
Trade receivables	19	30,204	27,671	2,184	4,956
Other receivables	20	16,855	27,669	12,251	22,293
Due from subsidiaries	21	-	-	15,741	12,948
Tax recoverable		3,808	16,952	1,552	3,177
Short term investments	22	115,008	181,132	46,211	181,132
Cash and bank balances	23	719,773	413,624	90,384	75,185
		885,648	667,048	168,323	299,691
Total Assets		**1,407,423**	**1,197,446**	**810,711**	**892,592**
Equity and Liabilities					
Equity Attributable to Equity Holders of the Company					
Share capital	24	259,801	256,530	259,801	256,530
Share premium	25	64,100	50,717	51,500	38,117
Other reserves	26	38,007	7,355	8,269	4,368
Retained earnings	27	447,515	568,449	110,508	192,504
		809,423	883,051	430,078	491,519
Minority Interest		-	21,432	-	-
Total Equity		809,423	904,483	430,078	491,519
Non-current Liabilities					
Retirement benefit obligations	28(a)	18,454	17,738	18,454	17,738
Deferred income	29	2,831	2,831	-	-
Long term borrowings	30	439	659	-	-
Long term liability	31	46,181	46,720	46,181	46,720
Deferred tax liability	18	4,541	2,144	4,541	2,144
Advances from subsidiaries	21	-	-	-	283,760
		72,446	70,092	69,176	350,362
Current Liabilities					
Trade payables	32	436,625	150,121	-	-
Other payables	33	69,959	67,386	56,525	50,711
Advances from subsidiaries	21	-	-	254,932	-
Clearing Guarantee Fund - trading clearing participants' contributions	26(d)	8,549	-	-	-
Tax payable		10,201	5,144	-	-
Short term borrowings	30	220	220	-	-
		525,554	222,871	311,457	50,711
Total Liabilities		598,000	292,963	380,633	401,073
Total Equity And Liabilities		**1,407,423**	**1,197,446**	**810,711**	**892,592**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

		Attributable to equity holders of the Company								Minority interest	Total equity
			Non-distributable					Distributable			
RM'000	Note	Share capital	Share premium	Capital redemption reserve	Foreign currency exchange reserve	Share option reserve	Clearing Guarantee Fund reserve	Retained earnings	Total		
At 1 January 2005		**250,000**	**12,400**	**2,750**	**(13)**	**-**	**-**	**1,195,158**	**1,460,295**	**17,855**	**1,478,150**
Bonus issue		1,083,000	(416,000)	-	-	-	-	(667,000)	-	-	-
Capital reduction		(1,166,000)	-	-	-	-	-	-	(1,166,000)	-	(1,166,000)
Issuance of ordinary shares:											
Pursuant to Initial Public Offering ("IPO")		83,000	438,448	-	-	-	-	-	521,448	-	521,448
Pursuant to Employees' Share Option Scheme ("ESOS")	24, 25	6,530	32,639	-	-	-	-	-	39,169	-	39,169
Issuance of preference shares by a subsidiary		-	200	-	-	-	-	-	200	-	200
Share issuance expenses		-	(16,970)	-	-	-	-	-	(16,970)	-	(16,970)
Share options granted under ESOS	5	-	-	-	-	4,368	-	-	4,368	-	4,368
Transfer to capital redemption reserve		-	-	250	-	-	-	(250)	-	-	-
Dividends paid	12	-	-	-	-	-	-	(36,430)	(36,430)	(360)	(36,790)
Net profit for the year		-	-	-	-	-	-	76,971	76,971	3,937	80,908
At 31 December 2005 (restated)		**256,530**	**50,717**	**3,000**	**(13)**	**4,368**	**-**	**568,449**	**883,051**	**21,432**	**904,483**
At 1 January 2006											
As previously stated		256,530	50,717	3,000	(13)	-	-	572,817	883,051	21,432	904,483
Effects of adopting FRS 2	2.3.1 (a)	-	-	-	-	4,368	-	(4,368)	-	-	-
At 1 January 2006 (restated)		**256,530**	**50,717**	**3,000**	**(13)**	**4,368**	**-**	**568,449**	**883,051**	**21,432**	**904,483**
Issuance of ordinary shares pursuant to ESOS	24, 25	3,271	13,383	-	-	-	-	-	16,654	-	16,654
Acquisition of remaining equity of an existing subsidiary	15(a)	-	-	2,250	-	-	-	(15,639)	(13,389)	(22,236)	(35,625)
Foreign currency translation, representing net expense recognised directly in equity		-	-	-	(499)	-	-	-	(499)	-	(499)
Share options granted under ESOS	5	-	-	-	-	3,901	-	-	3,901	-	3,901
Transfer to Clearing Guarantee Fund from a subsidiary	24(d)	-	-	-	-	-	25,000	(25,000)	-	-	-
Dividends paid	12	-	-	-	-	-	-	(188,400)	(188,400)	-	(188,400)
Net profit for the year		-	-	-	-	-	-	108,105	108,105	804	108,909
At 31 December 2006		**259,801**	**64,100**	**5,250**	**(512)**	**8,269**	**25,000**	**447,515**	**809,423**	**-**	**809,423**

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

RM'000	Note	Share capital	Non-distributable Share premium	Non-distributable Share option reserve	Distributable Retained earnings	Total equity
At 1 January 2005		**250,000**	**-**	**-**	**779,368**	**1,029,368**
Bonus issue		1,083,000	(416,000)	-	(667,000)	-
Capital reduction		(1,166,000)	-	-	-	(1,166,000)
Issuance of ordinary shares:						
Pursuant to IPO		83,000	438,448	-	-	521,448
Pursuant to ESOS	24,25	6,530	32,639	-	-	39,169
Share issuance expenses		-	(16,970)	-	-	(16,970)
Share options granted under ESOS	5	-	-	4,368	-	4,368
Dividends paid	12	-	-	-	(36,430)	(36,430)
Net profit for the year		-	-	-	116,566	116,566
At 31 December 2005 (restated)		**256,530**	**38,117**	**4,368**	**192,504**	**491,519**
At 1 January 2006						
As previously stated		256,530	38,117	-	196,872	491,519
Effects of adopting FRS 2	2.3.1 (a)	-	-	4,368	(4,368)	-
At 1 January 2006 (restated)		**256,530**	**38,117**	**4,368**	**192,504**	**491,519**
Issuance of ordinary shares pursuant to ESOS	24,25	3,271	13,383	-	-	16,654
Share options granted under ESOS	5	-	-	3,901	-	3,901
Dividends paid	12	-	-	-	(188,400)	(188,400)
Net profit for the year		-	-	-	106,404	106,404
At 31 December 2006		**259,801**	**51,500**	**8,269**	**110,508**	**430,078**

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

RM'000	Group 2006	Group 2005 (restated)	Company 2006	Company 2005 (restated)
Cash Flows From Operating Activities				
Profit before tax	152,913	113,219	157,131	163,953
Adjustments for:				
Amortisation of computer software	382	93	382	93
Amortisation of goodwill	-	2,941	-	1,843
Amortisation of premium less accretion of discount	(40)	409	61	71
Depreciation	15,673	13,170	15,550	12,633
Gross dividend income	-	-	(139,250)	(137,980)
Interest expense	11	15	-	-
Interest income	(31,039)	(45,717)	(13,805)	(24,213)
Net gain on disposal of investments	(3,484)	(12,522)	(2,749)	(7,105)
Net gain on disposal of property, plant and equipment	(270)	(2,092)	(36)	(2,092)
Net loss/(gain) on foreign exchange differences	14	-	(23)	-
Net provision for bad and doubtful debts	1,293	912	607	680
Property, plant and equipment written off	49	4	28	-
Provision for impairment loss on investment in a subsidiary	-	-	-	1,100
Provision for impairment loss on investments	139	-	-	-
Provision for impairment loss on property, plant and equipment	-	162	-	-
Provision for retirement benefits	2,979	2,756	2,979	2,756
Provision for short term accumulating compensating unutilised leave	281	394	281	394
Share options granted under ESOS	3,901	4,368	3,901	4,368
Operating profit before working capital changes	142,802	78,112	25,057	16,501
Decrease/(increase) in receivables	2,137	(3,662)	7,315	(3,495)
Increase in payables	297,351	33,606	5,603	8,602
Changes in subsidiaries balances	-	-	(2,793)	30,240
Cash generated from operations	442,290	108,056	35,182	51,848
Retirement benefits paid	(2,263)	(15,985)	(2,263)	(5,435)
Interest paid	(11)	(15)	-	-
Taxes paid, net of refund	(22,890)	(29,088)	(7,715)	(7,389)
Net cash generated from operating activities	417,126	62,968	25,204	39,024

RM'000	Group 2006	Group 2005 (restated)	Company 2006	Company 2005 (restated)
Cash Flows From Investing Activities				
Acquisition of remaining equity of an existing subsidiary (Note 15(a))	(35,625)	-	(35,625)	-
Interest received	33,273	54,314	13,811	30,726
Net staff loans repaid	6,788	7,617	4,836	5,254
Proceeds from disposal of investments, net of purchases	63,614	265,734	118,256	157,176
Purchases of property, plant and equipment, net of proceeds	(6,012)	(18,734)	(10,430)	(18,727)
Redemption of preference shares by a subsidiary	-	-	-	25,000
Net cash generated from investing activities	62,038	308,931	90,848	199,429
Cash Flows From Financing Activities				
(Repayment of advances to)/advances from subsidiaries	-	-	(28,828)	283,760
Capital repayment	-	(1,117,229)	-	(1,117,229)
Dividends paid (Note 12)	(188,400)	(36,430)	(188,400)	(36,430)
Dividends paid to minority shareholders	-	(360)	-	-
Dividends received	-	-	100,260	99,345
IPO expenses	-	(16,815)	-	(16,815)
Preference shares issued	-	200	-	-
Proceeds from exercise of ESOS	16,654	39,169	16,654	39,169
Proceeds from subscription of IPO	-	472,677	-	472,677
Repayment of borrowings and liability	(759)	(759)	(539)	(539)
Repayment of loan from Securities Commission	-	(13,505)	-	(13,505)
Net cash used in financing activities	(172,505)	(673,052)	(100,853)	(289,567)
Net increase/(decrease) in cash and cash equivalents	306,659	(301,153)	15,199	(51,114)
Effects of foreign exchange rate changes	(510)	-	-	-
Cash and cash equivalents at beginning of year	413,624	714,777	75,185	126,299
Cash and cash equivalents at end of year	**719,773**	**413,624**	**90,384**	**75,185**

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

1 CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the securities, derivatives and offshore exchanges in Malaysia and the related depository and clearing houses. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 January 2007.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis Of Preparation

The financial statements have been prepared on a historical basis and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006, as described in Note 2.3.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000 or ‘000), except when otherwise indicated.

2.2 Summary Of Significant Accounting Policies

a Subsidiaries and Basis of Consolidation

i Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company’s separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

ii Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represent goodwill. Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities’ share of the fair value of the subsidiaries’ identifiable assets and liabilities at the acquisition date and the minorities’ share of changes in the subsidiaries’ equity since then.

b Intangible Assets

i Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii Other Intangible Assets

As at the balance sheet date, the Group and Company's intangible asset, other than goodwill, is computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over 10 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

c Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Project-in-progress is not depreciated. Leasehold land is depreciated over the period of the lease of 99 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Freehold and leasehold building and office lots	2%
Renovations	20%
Office equipment, electrical installation, furniture and fittings	20%
Computers and office automation	10% - 33.33%
Motor vehicles	20%

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

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

d Impairment of Non-financial Assets

The carrying amounts of assets, other than deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the assets belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time-value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

e Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and short term deposits.

ii Other Investments

Other investments comprise unquoted securities that are acquired and held for yield or capital growth and are usually held to maturity. Other investments are stated at cost adjusted for amortisation of premium net of accretion of discount, where applicable, to maturity dates, less impairment losses. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

iii Short Term Investments

Short term investments comprise unquoted securities which are managed by external fund managers for the purpose of short term capital gains. These unquoted securities are stated at the lower of cost and market value or indicative market value determined on an aggregate basis. Cost is determined on the weighted average basis. Increases and decreases in the carrying amount of short term investments are recognised in the income statement. On disposal of short term investments, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

iv Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts on trade debts which are six months or older, or on debts which recoverability is considered doubtful.

v Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

vi Borrowings

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

vii Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

f 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 balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the year, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

g Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of the money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

h Employee Benefits

i Short Term 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. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

iii Defined Benefit Plan

The Group operates a funded, defined benefit retirement scheme ("the Scheme") for its eligible employees. The Scheme was closed to new entrants effective 1 September 2003.

The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10 per cent of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service cost are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

iv Share-based Compensation

The Bursa Malaysia Berhad Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

v Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or expiry of employment contract date. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to terminate the employment of current employees according to a detailed plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

i Foreign Currencies

i Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

ii Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for the exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

iii Malaysian Subsidiary with Foreign Currency as its Functional Currency

The results and financial position of a subsidiary that has a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average monthly exchange rates, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency exchange reserve within equity.

j Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i Trade Fees

Trade fees on securities traded on Bursa Malaysia Securities Berhad are recognised on a trade date basis and trade fees on derivatives contracts traded on Bursa Malaysia Derivatives Berhad are recognised net of rebates on a trade date basis.

ii Clearing and Institutional Settlement Services ("ISS") Fees

Fees for clearing and settlement between clearing participants for trades in eligible securities transacted on Bursa Malaysia Securities Berhad are recognised in full when services are rendered. Clearing fees on derivatives contracts are recognised net of rebates on clearing date basis.

iii Fees from Depository and Information Services

Fees from depository services and income from sale of information and services are recognised when the related services are rendered.

iv Listing Fees

Initial listing fees for IPO exercises are recognised upon the listing of an applicant. The annual listing fees is recognised on an accrual basis. The additional listing fees is recognised upon the listing of new securities issued by an applicant.

v Other Income

- Accretion of discounts and amortisation of premiums on investments are recognised on an effective yield basis.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on an accrual basis using the effective interest method.
- Management fees is recognised when services are rendered.

k Grants

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

2.3 Changes In Accounting Policies And Effects Arising From Adoption Of New And Revised FRSs

2.3.1 Adoption Of New And Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group has not adopted the following FRSs which have effective dates as follows:

FRS		Effective for financial periods beginning on or after
FRS 117	Leases	1 October 2006
FRS 124	Related Party Transactions	1 October 2006
FRS 119_{2004} (Revised)	Employee Benefits	1 January 2007
FRS 139	Financial Instruments: Recognition and Measurement	Effective date deferred

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group and of the Company, other than the changes discussed below:

a FRS 2: Share-based Payment

Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted after 31 December 2004 but had not yet vested on 1 January 2006. The application is retrospective and accordingly, certain comparatives have been restated as disclosed in Note 2.3.1(e). The effects on the balance sheets as at 31 December 2006 and income statements for the year ended 31 December 2006 are set out in Note 2.3.1(d)(i) and Note 2.3.1(d)(ii) respectively.

b FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

i Goodwill

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years and at each balance sheet date, the Group and the Company assessed if there was any indication of impairment of the CGU to which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 resulted in the Group and the Company ceasing annual amortisation of goodwill. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group and the Company have applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group and the Company to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM14,095,000 and RM7,373,000, respectively, against the carrying amount of goodwill. The net carrying amount of goodwill of the Group and the Company as at 1 January 2006 of RM44,720,000 and RM29,494,000, respectively, ceased to be amortised thereafter.

Since the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. The effects on the balance sheets as at 31 December 2006 and income statements for the year ended 31 December 2006 are set out in Note 2.3.1.(d)(i) and Note 2.3.1.(d)(ii) respectively.

ii Excess of Group's Interest in the Net Fair Value of Acquiree's Identifiable Assets, Liabilities and Contingent Liabilities Over Cost (Previously Known as Negative Goodwill)

Prior to 1 January 2006, the Group's policy was to recognise negative goodwill on a straight-line basis over its estimated useful life of 20 years. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in profit or loss.

The change did not affect the financial statements of the Group and the Company.

iii Accounting for Acquisitions

Prior to 1 January 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably.

The change had no effect on the financial statements of the Group and the Company.

iv Other Intangible Assets

Prior to 1 January 2006, all intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Upon the adoption of FRS 138, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Accordingly, computer software are considered to have finite useful lives and therefore, continued to be stated at cost less accumulated amortisation and impairment losses.

Although the application of FRS 138 is prospective, the Group and the Company have reclassified the comparative amounts for computer software and amortisation of computer software for better presentation. As such, from 1 January 2006, computer software is stated at cost less accumulated amortisation and impairment losses. Its cost is amortised based on its definite life and amortisation is recognised accordingly.

c FRS 101: Presentation of Financial Statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

The presentation of the financial statements were revised accordingly.

d Summary of Effects of Adopting New and Revised FRSs on the Current Year's Financial Statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year.

i Effects on Balance Sheets as at 31 December 2006

	Increase/(decrease)			
	FRS 2	FRS 3	FRS 138	
Description of change	Note 2.3.1(a)	Note 2.3.1(b)(i)	Note 2.3.1(b)(iv)	Total
RM'000				
Group				
Property, plant and equipment	-	-	(28,386)	(28,386)
Computer software	-	-	28,386	28,386
Goodwill	-	2,941	-	2,941
Other reserves	8,269	-	-	8,269
Retained earnings	(8,269)	2,941	-	(5,328)
Company				
Property, plant and equipment	-	-	(28,386)	(28,386)
Computer software	-	-	28,386	28,386
Goodwill	-	1,843	-	1,843
Other reserves	8,269	-	-	8,269
Retained earnings	(8,269)	1,843	-	(6,426)

ii Effects on Income Statements for the year ended 31 December 2006

	Increase/(decrease)		
	FRS 2	FRS 3	
Description of change	Note 2.3.1(a)	Note 2.3.1(b)(i)	Total
RM'000			
Group			
Staff costs	3,901	-	3,901
Other operating expenses	-	(2,941)	(2,941)
Operating profit	(3,901)	2,941	(960)
Profit before tax	(3,901)	2,941	(960)
Profit for the year	(3,901)	2,941	(960)
EPS:			
Basic	(0.01)	0.01	(0.00)
Diluted	(0.01)	0.01	(0.00)
Company			
Staff costs	3,901	-	3,901
Other operating expenses	-	(1,843)	(1,843)
Operating profit	(3,901)	1,843	(2,058)
Profit before tax	(3,901)	1,843	(2,058)
Profit for the year	(3,901)	1,843	(2,058)

e Restatement of Comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change RM'000	Previously stated	Increase/(decrease) FRS 2 Note 2.3.1.(a)	Increase/(decrease) FRS 138 Note 2.3.1.(b)(iv)	Restated
Group				
Property, plant and equipment	363,549	-	(28,158)	335,391
Computer software	-	-	28,158	28,158
Other reserves	2,987	4,368	-	7,355
Retained earnings	572,817	(4,368)	-	568,449
Company				
Property, plant and equipment	361,031	-	(28,158)	332,873
Computer software	-	-	28,158	28,158
Other reserves	-	4,368	-	4,368
Retained earnings	196,872	(4,368)	-	192,504

2.3.2 Adoption Of New Accounting Policy

Clearing Guarantee Fund ("CGF")

Appropriations from the resources of Bursa Malaysia Securities Clearing Sdn Bhd to the CGF is segregated from its retained earnings and included in the balance sheet as a designated reserve, as explained in Note 26(d).

Contributions from Trading Clearing Participants ("TCPs") in the form of cash are treated as current liabilities on the balance sheet. Contributions from TCPs in the form of bank guarantees are not reflected as assets and liabilities in the balance sheet.

The manner in which payments out of the CGF shall be applied are as set out in Note 26(d). Any amounts paid out of the CGF in the event of a default is recoverable from the defaulting TCP.

2.4 Significant Accounting Estimates

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year are discussed below:

a Impairment of Computer Software

The Group determines whether computer software is impaired at least on an annual basis. The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the computer software is allocated to. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of computer software as at the balance sheet date is disclosed in Note 14(a).

b Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the balance sheet date is disclosed in Note 14(b).

c Depreciation/Amortisation of Computer Hardware and Software

The cost of computer hardware and software (included within computer and office automation, project-in-progress and computer software) is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be within 5 to 10 years. These are based on management's policy to review the hardware and software every 5 years and 10 years, respectively. The useful lives of the previous/current trading systems and information technology equipment and potential technological advancements have also been considered in the estimation of useful lives of these assets. The total carrying amount of computer hardware and software as at the balance sheet date is disclosed in Notes 13 and 14(a).

d Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. There were no recognised tax losses and capital allowances of the Group. The unrecognised tax losses and capital allowances of the Group as at the balance sheet date is disclosed in Note 18.

3 OPERATING REVENUE

a Operating Revenue of the Group:

RM'000	Group 2006	Group 2005
Trading revenue		
Revenue from equity market:		
Clearing fees*	127,617	76,446
SCORE fees (equity trade fees)	12,532	8,866
ISS fees	7,257	6,890
Buying-in commissions	783	627
	148,189	92,829
Revenue from derivatives market:		
Clearing fees	6,556	3,961
Derivatives trade fees	24,628	14,946
Guarantee/tender fees	2,012	1,299
	33,196	20,206
Total trading revenue	181,385	113,035
Stable revenue		
Depository services	26,057	26,313
Information services	19,357	19,422
Broker services	15,530	14,807
Listing fees	10,896	12,555
Participants' fees	3,715	3,392
Total stable revenue	75,555	76,489
Other operating income	5,178	2,761
	262,118	192,285

b Operating Revenue of the Company:

RM'000	Company 2006	Company 2005
Broker services	14,696	14,249
Significant income from subsidiaries:		
Dividend income	139,250	137,980
Management fees	129,817	100,267
Lease rental income	343	-
Commitment income	330	65
Other operating income	79	141
	284,515	252,702

* Clearing fees of the Group is stated net of the amount payable to SC of RM29,450,000 (2005: RM17,641,000).

4 OTHER INCOME

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Conference fee and exhibition related income	2,457	1,861	2,457	1,876
Interest income from:				
Deposits with banks and financial institutions	12,052	18,533	3,425	4,291
Investment securities	13,233	25,677	9,158	18,563
Others	5,754	1,507	1,222	1,359
Net gain on disposal of investments	3,484	12,522	2,749	7,105
Net gain on disposal of property, plant and equipment	270	2,092	36	2,092
Office rental	79	82	36	31
Miscellaneous income	2,496	3,070	859	792
	39,825	**65,344**	**19,942**	**36,109**

5 STAFF COSTS

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Wages and salaries	43,783	43,122	43,783	36,991
Social security contributions	296	209	296	178
Contributions to defined contribution plan - EPF	8,598	7,896	8,598	6,684
Provision for short term accumulating compensating unutilised leave	281	394	281	394
Increase in pension costs (Note 28(a))	2,979	2,756	2,979	2,756
Share options granted under ESOS	3,901	4,368	3,901	4,368
Termination benefits	943	421	943	421
Other benefits	16,915	11,998	16,915	9,853
	77,696	**71,164**	**77,696**	**61,645**

Included in staff costs of the Group and of the Company are Executive Directors' remunerations of RM1,484,000 (2005: RM1,977,000), as further disclosed in Note 8.

6 DEPRECIATION AND AMORTISATION

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Depreciation of property, plant and equipment	15,673	13,170	15,550	12,633
Amortisation of computer software	382	93	382	93
	16,055	**13,263**	**15,932**	**12,726**

7 OTHER OPERATING EXPENSES

Included in other operating expenses are:

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Amortisation of goodwill	-	2,941	-	1,843
Amortisation of premium less accretion of discount	(40)	409	61	71
Auditors' remuneration:				
Statutory audit	201	182	35	30
Non-audit fees	309	242	220	193
Building management costs:				
Office rental	140	141	140	47
Upkeep and maintenance	8,194	8,238	8,088	8,116
IT upkeep and maintenance	16,496	15,603	16,496	15,591
Legal and professional fee	1,721	2,692	1,726	2,882
Net loss/(gain) on foreign exchange differences	14	-	(23)	-
Net provision for bad and doubtful debts	1,293	912	607	680
Non-executive Directors' remuneration (Note 8)	1,401	1,233	1,401	1,233
Provision for impairment loss on investment in a subsidiary	-	-	-	1,100
Provision for impairment loss on investments	139	-	-	-
Provision for impairment loss on property, plant and equipment	-	162	-	-
Property, plant and equipment written off	49	4	28	-
Rental of equipment	791	208	791	150

8 DIRECTORS' REMUNERATION

RM'000	Group and Company 2006	Group and Company 2005
Executive Director's remuneration (Note 5):		
Salaries and other emoluments	941	937
Bonus	300	225
Defined contribution plan - EPF	189	180
	1,430	1,342
Share options granted under ESOS	54	635
Estimated money value of benefits-in-kind	31	28
	1,515	2,005
Non-executive Directors' remuneration (Note 7):		
Fees	463	460
Other emoluments	938	773
	1,401	1,233
Estimated money value of benefits-in-kind	35	32
	1,436	1,265
Total Directors' remuneration, excluding share options granted under ESOS and benefits-in-kind	2,831	2,575
Share options granted under ESOS and estimated money value of benefits-in-kind	120	695
Total Directors' remuneration, including share options granted under ESOS and benefits-in-kind	**2,951**	**3,270**

The number of Directors whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive Director:		
RM1,500,001 - RM1,550,000	1	-
RM2,000,001 - RM2,050,000	-	1
Non-executive Directors:		
RMNil - RM50,000	1	-
RM50,001 - RM100,000	7	8
RM100,001 - RM150,000	3	2
RM350,001 - RM400,000	-	1
RM450,001 - RM500,000	1	-

Directors' remuneration, including share options granted under ESOS and benefits-in-kind, for the financial year for the individual Directors are as follows:

	2006		2005	
RM'000	Directors' fees	Other allowances*/ salaries	Directors' fees	Other allowances*/ salaries
Tun Mohamed Dzaiddin bin Haji Abdullah	60	391	60	319
Dato' Abdul Latif bin Abdullah	40	60	40	42
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	40	61	40	52
Datuk Azman bin Abdul Rashid	40	54	40	44
Datin Paduka Siti Sa'diah bt Sheikh Bakir	40	55	40	43
Dr. Thillainathan a/l Ramasamy	40	55	40	53
Dato' Abdul Wahid bin Omar	40	58	40	46
Izham bin Yusoff	40	67	40	64
Dato' Wong Puan Wah @ Wong Sulong^	3	4	-	-
Dato' Seri Hwang Sing Lue	40	49	40	36
Cheah Tek Kuang	40	51	40	45
Peter Leong Tuck Leng	40	68	40	61
Dato' Yusli bin Mohamed Yusoff	-	1,515	-	2,005
	463	**2,488**	**460**	**2,810**

* Other allowances comprise mainly meeting allowances which varied from one Director to another, depending on the number of committees they sit on and the number of meetings attended.

^ Dato' Wong Puan Wah @ Wong Sulong was appointed on 1 December 2006.

9 FINANCE COSTS

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Interest expense	11	15	-	-
Commitment fee	582	318	82	-
	593	**333**	**82**	**-**

10 INCOME TAX EXPENSE

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Income tax:				
Current year's provision	42,322	31,084	48,801	47,100
(Over)/under provision of taxation in prior year	(1,228)	1,094	(471)	(200)
	41,094	32,178	48,330	46,900
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	1,832	600	1,307	487
Relating to changes in tax rates	(50)	-	(38)	-
Under provision of deferred tax liability/(assets) in prior years	1,128	(467)	1,128	-
	2,910	133	2,397	487
Total income tax expense	**44,004**	**32,311**	**50,727**	**47,387**

Income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

The concessionary income tax rate applicable to subsidiaries with paid up capital of RM2,500,000 and below is 20% on chargeable income of up to RM500,000 (2005: RM500,000). For chargeable income in excess of RM500,000 (2005: RM500,000), the tax rate of 28% is applicable.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
RM'000	2006	2005	2006	2005
Profit before tax	152,913	113,219	157,131	163,953
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	42,816	31,701	43,997	45,907
Effect of changes in tax rates on opening balance of deferred tax	(50)	-	(38)	-
Effect of expenses not deductible for tax purposes	6,351	2,245	6,111	1,043
Effect of income not subject to tax	(872)	(586)	-	(586)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(4,067)	(3,049)	-	-
Effect of lower tax rate of 20% on chargeable income of up to RM500,000	(40)	(43)	-	-
Effect of lower tax rate of 3% on profit before tax for companies incorporated in Labuan	(34)	-	-	-
Effect of prior year adjustment following the adoption of FRS 2	-	1,223	-	1,223
Deferred tax assets not recognised during the year	-	183	-	-
Derecognition of deferred tax assets	-	10	-	-
Under recognition of deferred tax liability/(assets) in prior years	1,128	(467)	1,128	-
(Over)/under provision of taxation in prior years	(1,228)	1,094	(471)	(200)
Tax expense for the year	**44,004**	**32,311**	**50,727**	**47,387**

11 EARNINGS PER SHARE ("EPS")

a Basic EPS

Basic EPS is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
Profit attributable to equity holders of the Company (RM'000)	108,105	76,971
Weighted average number of ordinary shares in issue ('000)	516,143	484,659
Basic EPS (sen)	20.9	15.9

b Diluted EPS

For the purpose of calculating diluted EPS, profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	Group	
	2006	2005
Profit attributable to equity holders of the Company (RM'000)	108,105	76,971
Weighted average number of ordinary shares in issue ('000)	516,143	484,659
Effect of dilution of share options ('000)	24,924	10,277
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	541,067	494,936
Diluted EPS (sen)	20.0	15.6

The comparative basic and diluted EPS have been restated to take into account the effect of the changes in accounting policies (Note 2.3.1(e)) on profit for that year.

12 DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
RM'000	2006	2005	2006	2005
Recogised during the year				
Interim dividend				
10.0 sen per share less 28 per cent taxation, on 505,982,000 ordinary shares (net 7.2 sen per ordinary share)	-	36,430	-	36,430
12.5 sen per share less 28 per cent taxation, on 516,993,000 ordinary shares (net 9.0 sen per ordinary share)	46,529	-	46,529	-
Special dividend				
28.0 sen per share less 28 per cent taxation, on 519,267,000 ordinary shares (net 20.2 sen per ordinary share)	104,684	-	104,684	-
Final dividend				
10.0 sen per share less 28 per cent taxation, on 516,485,000 ordinary shares (net 7.2 sen per ordinary share)	-	37,187	37,187	-
	151,213	**73,617**	**188,400**	**36,430**

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 14.0 sen per share less 27 per cent taxation on 519,602,000 ordinary shares, amounting to a dividend payable of approximately RM53,103,000 (10.22 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

13 PROPERTY, PLANT AND EQUIPMENT

RM'000	Land and buildings (Note a)	Office equipment, electrical installation, furniture and fittings	Computers and office automation	Motor vehicles	Project-in-progress #	Total
Group - At 31 December 2006						
Cost						
At 1 January 2006 (restated)	376,145	50,278	311,058	1,876	35,428	774,785
Additions	682	285	7,123	-	1,765	9,855
Disposals	(9,452)	(2)	(17)	(168)	-	(9,639)
Written off	(3,494)	(20,663)	(139,374)	-	-	(163,531)
Transfers	-	-	12,999	-	(12,999)	-
Exchange differences	(18)	(7)	(162)	(5)	-	(192)
At 31 December 2006	363,863	29,891	191,627	1,703	24,194	611,278
Accumulated depreciation and impairment losses						
At 1 January 2006	93,504	48,906	295,884	1,100	-	439,394
Depreciation charge for the year	6,817	557	8,054	245	-	15,673
Disposals	(5,269)	(2)	(17)	(168)	-	(5,456)
Written off	(3,488)	(20,629)	(139,365)	-	-	(163,482)
Exchange differences	(18)	(7)	(162)	(5)	-	(192)
At 31 December 2006	91,546	28,825	164,394	1,172	-	285,937
Net carrying amount at 31 December 2006	**272,317**	**1,066**	**27,233**	**531**	**24,194**	**325,341**
Group - At 31 December 2005						
Cost						
At 1 January 2005	382,564	51,754	308,951	1,886	43,488	788,643
Additions	1,172	683	3,922	-	18,867	24,644
Disposals	(7,500)	(2,212)	(37)	-	-	(9,749)
Written off	-	-	(492)	(10)	-	(502)
Transfers	(91)	53	-	-	38	-
Reclassification (Note 14(a))	-	-	(1,286)	-	(26,965)	(28,251)
At 31 December 2005	376,145	50,278	311,058	1,876	35,428	774,785
Accumulated depreciation and impairment losses						
At 1 January 2005	90,243	50,351	291,040	857	-	432,491
Depreciation charge for the year	6,783	767	5,460	253	-	13,263
Disposals	(3,684)	(2,212)	(35)	-	-	(5,931)
Impairment losses for the year	162	-	-	-	-	162
Written off	-	-	(488)	(10)	-	(498)
Reclassification (Note 14(a))	-	-	(93)	-	-	(93)
At 31 December 2005	93,504	48,906	295,884	1,100	-	439,394
Net carrying amount at 31 December 2005	**282,641**	**1,372**	**15,174**	**776**	**35,428**	**335,391**

RM'000	Land and buildings (Note a)	Office equipment, electrical installation, furniture and fittings	Computers and office automation	Motor vehicles	Project-in-progress #	Total
Company - At 31 December 2006						
Cost						
At 1 January 2006 (restated)	362,301	44,432	275,572	1,631	35,428	719,364
Additions	682	285	7,123	-	1,765	9,855
Disposals	-	-	(4)	(115)	-	(119)
Written off	-	(15,259)	(119,909)	-	-	(135,168)
Transfers	-	-	12,999	-	(12,999)	-
At 31 December 2006	362,983	29,458	175,781	1,516	24,194	593,932
Accumulated depreciation and impairment losses						
At 1 January 2006	83,875	43,168	258,594	854	-	386,491
Depreciation charge for the year	6,790	468	8,046	246	-	15,550
Disposals	-	-	(4)	(115)	-	(119)
Written off	-	(15,240)	(119,900)	-	-	(135,140)
At 31 December 2006	90,665	28,396	146,736	985	-	266,782
Net carrying amount at 31 December 2006	**272,318**	**1,062**	**29,045**	**531**	**24,194**	**327,150**
Company - At 31 December 2005						
Cost						
At 1 January 2005	368,721	45,907	273,464	1,641	43,488	733,221
Additions	1,171	684	3,915	-	18,867	24,637
Disposals	(7,500)	(2,212)	(37)	-	-	(9,749)
Written off	-	-	(484)	(10)	-	(494)
Transfers	(91)	53	-	-	38	-
Reclassification (Note 14(a))	-	-	(1,286)	-	(26,965)	(28,251)
At 31 December 2005	362,301	44,432	275,572	1,631	34,428	719,364
Accumulated depreciation and impairment losses						
At 1 January 2005	80,923	44,798	253,943	619	-	380,283
Depreciation charge for the year	6,636	582	5,263	245	-	12,726
Disposals	(3,684)	(2,212)	(35)	-	-	(5,931)
Written off	-	-	(484)	(10)	-	(494)
Reclassification (Note 14(a))	-	-	(93)	-	-	(93)
At 31 December 2005	83,875	43,168	258,594	854	-	386,491
Net carrying amount at 31 December 2005	**278,426**	**1,264**	**16,978**	**777**	**35,428**	**332,873**

a Land and Buildings

RM'000	Leasehold land ~	Leasehold building and office lots @	Freehold building and office lots	Renovation	Total
Group - At 31 December 2006					
Cost					
At 1 January 2006	53,318	285,960	29,314	7,553	376,145
Additions	-	-	-	682	682
Disposals	-	-	(9,452)	-	(9,452)
Written off	-	-	-	(3,494)	(3,494)
Exchange differences	-	-	-	(18)	(18)
At 31 December 2006	53,318	285,960	19,862	4,723	363,863
Accumulated depreciation and impairment losses					
At 1 January 2006	6,732	67,770	13,458	5,544	93,504
Depreciation charge for the year	539	5,242	299	737	6,817
Disposals	-	-	(5,269)	-	(5,269)
Written off	-	-	-	(3,488)	(3,488)
Exchange differences	-	-	-	(18)	(18)
At 31 December 2006	7,271	73,012	8,488	2,775	91,546
Net carrying amount at 31 December 2006	**46,047**	**212,948**	**11,374**	**1,948**	**272,317**
Group - At 31 December 2005					
Cost					
At 1 January 2005	60,818	285,960	29,314	6,472	382,564
Additions	-	-	-	1,172	1,172
Disposals	(7,500)	-	-	-	(7,500)
Transfers	-	-	-	(91)	(91)
At 31 December 2005	53,318	285,960	29,314	7,553	376,145
Accumulated depreciation and impairment losses					
At 1 January 2005	9,874	62,528	12,904	4,937	90,243
Depreciation charge for the year	542	5,242	392	607	6,783
Impairment losses for the year	-	-	162	-	162
Disposals	(3,684)	-	-	-	(3,684)
At 31 December 2005	6,732	67,770	13,458	5,544	93,504
Net carrying amount at 31 December 2005	**46,586**	**218,190**	**15,856**	**2,009**	**282,641**

RM'000	Leasehold land ~	Leasehold building and office lots @	Freehold building and office lots	Renovation	Total
Company - At 31 December 2006					
Cost					
At 1 January 2006	53,318	285,960	19,862	3,161	362,301
Additions	-	-	-	682	682
At 31 December 2006	53,318	285,960	19,862	3,843	362,983
Accumulated depreciation and impairment losses					
At 1 January 2006	6,732	67,770	8,205	1,168	83,875
Depreciation charge for the year	539	5,242	281	728	6,790
At 31 December 2006	7,271	73,012	8,486	1,896	90,665
Net carrying amount at 31 December 2006	**46,047**	**212,948**	**11,376**	**1,947**	**272,318**
Company - At 31 December 2005					
Cost					
At 1 January 2005	60,818	285,960	19,862	2,081	368,721
Additions	-	-	-	1,171	1,171
Disposals	(7,500)	-	-	-	(7,500)
Transfers	-	-	-	(91)	(91)
At 31 December 2005	53,318	285,960	19,862	3,161	362,301
Accumulated depreciation and impairment losses					
At 1 January 2005	9,874	62,528	7,924	597	80,923
Depreciation charge for the year	542	5,242	281	571	6,636
Disposals	(3,684)	-	-	-	(3,684)
At 31 December 2005	6,732	67,770	8,205	1,168	83,875
Net carrying amount at 31 December 2005	**46,586**	**218,190**	**11,657**	**1,993**	**278,426**

\# Project-in-progress mainly comprises costs of information technology equipment in respect of Phase II of Bursa Trade.

~ Leasehold land of the Group and the Company comprises of two pieces of land leased from the Government of Malaysia for a term of 99 years commencing 15 April 1993 and 1 March 1996 respectively. The corresponding liability is disclosed in Note 31 to the financial statements.

@ Office lots represent offices and car park spaces in multi-storey buildings.

14 INTANGIBLE ASSETS

a Computer Software

RM'000	Group and Company 2006	Group and Company 2005
Cost		
At 1 January	28,251	-
Additions	610	-
Reclassification (Note 13)	-	28,251
At 31 December	28,861	28,251
Accumulated amortisation		
At 1 January	93	-
Additions	382	-
Reclassification (Note 13)	-	93
At 31 December	475	93
Net carrying amount at 31 December	**28,386**	**28,158**

b Goodwill

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Cost				
At 1 January	58,815	58,815	36,867	36,867
Effects of adopting FRS 3	(14,095)	-	(7,373)	-
At 31 December	44,720	58,815	29,494	36,867
Accumulated amortisation				
At 1 January	(14,095)	(11,154)	(7,373)	(5,530)
Amortisation for the year	-	(2,941)	-	(1,843)
Effects of adopting FRS 3	14,095	-	7,373	-
At 31 December	-	(14,095)	-	(7,373)
Carrying value at 31 December	**44,720**	**44,720**	**29,494**	**29,494**

c Excess of Group's Interest in the Net Fair Value of Acquiree's Identifiable Assets, Liabilities and Contingent Liabilities Over Cost

RM'000	Group 2006	Group 2005
Cost		
At 1 January	(9,959)	(9,959)
Effects of adopting FRS 3	9,959	9,959
At 31 December	-	-
Amount recognised in the income statement		
At 1 January	9,959	9,959
Effects of adopting FRS 3	(9,959)	(9,959)
At 31 December	-	-
Carrying value at 31 December	**-**	**-**

d Allocation of Goodwill

Goodwill is in respect of acquisitions of subsidiaries by the Group and has been allocated to the CGUs in the following market and business segments as follows:

	Group	
RM'000	2006	2005
Market segments		
Cash market	30,843	30,843
Derivatives market	11,447	11,447
Information services	2,430	2,430
	44,720	**44,720**
Business segments		
Exchanges	40,940	40,940
Clearing, settlement and depository	1,350	1,350
Information services	2,430	2,430
	44,720	**44,720**

e Key Assumptions Used in Value-in-use Calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections extrapolated using growth rates stated below. The key assumptions used for the value-in-use calculations for revenue and expenses for the first five years following the current financial year are described below. No further growth has been assumed for subsequent years.

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

i Budgeted revenue
The growth rate used is the average growth rate of the CGU for the last 2 years, from the year the Company became listed on the Main Board of Bursa Malaysia Securities Berhad. Where the average growth rate exceeded 5%, a growth rate of 5% is used.

ii Budgeted expenses
Expenses are budgeted to grow at the inflation rate.

iii Discount rate
The discount rate used is the Group's return on equity for the year.

Sensitivity to changes in assumptions
Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

15 INVESTMENTS IN SUBSIDIARIES

	Company	
RM'000	2006	2005
Unquoted shares, at cost	222,557	186,932
Less: Accumulated impairment losses	(39,840)	(39,840)
	182,717	**147,092**

a Acquisition of Remaining Equity of an Existing Subsidiary

On 2 March 2006, the Company acquired 6,250,000 ordinary shares of RM1.00 each, representing the remaining 25 per cent equity interest in Bursa Malaysia Depository Sdn Bhd, for a total cash consideration of RM35,625,000 or RM5.70 per ordinary share. Following this transaction, Bursa Malaysia Depository Sdn Bhd became a wholly-owned subsidiary of the Company.

The acquisition of Bursa Malaysia Depository Sdn Bhd was accounted for using the "entity concept method" whereby the difference between the purchase consideration and the net assets acquired is treated as an equity transaction and recognised directly in the statement of changes in equity.

b Acquisition of a Subsidiary from a Wholly-owned Subsidiary

On 15 November 2006, the Company acquired 20,000,000 ordinary shares of RM1.00 each, representing a 100 per cent equity interest in Bursa Malaysia Derivatives Clearing Berhad, from Bursa Malaysia Securites Clearing Sdn Bhd for a total cash consideration of RM1.00. The acquisition had no impact on the results, balance sheet and cash flow of Group.

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Proportion of ownership interest		Ordinary paid up capital as at	Principal activities
	2006 (%)	2005 (%)	31.12.2006 RM'000	
Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities")	100	100	25,000	Provide, operate and maintain a securities exchange.
Bursa Malaysia Derivatives Berhad ("Bursa Malaysia Derivatives")	100	100	50,000	Provide, operate and maintain a derivatives exchange.
Labuan International Financial Exchange Inc ("LFX")*	100	100	5,500 (USD'000)	Provide, operate and maintain an offshore financial exchange.
Bursa Malaysia Securities Clearing Sdn Bhd ("Bursa Malaysia Securities Clearing")	100	100	300,000	Provide, operate and maintain a clearing house for the securities exchange.
Bursa Malaysia Derivatives Clearing Berhad ("Bursa Malaysia Derivatives Clearing")	100	100	20,000	Provide, operate and maintain a clearing house for the derivatives exchange.
Bursa Malaysia Depository Sdn Bhd ("Bursa Malaysia Depository")	100	75	25,000	Provide, operate and maintain a central depository for securities listed on the securities exchange.
Bursa Malaysia Information Sdn Bhd ("Bursa Malaysia Information")	100	100	250	Provide and disseminate prices and other information relating to securities quoted on exchanges within the Group.
Bursa Malaysia Property Sdn Bhd ("Bursa Malaysia Property")	100	100	1,000	Dormant°.
Bursa Malaysia IT Sdn Bhd ("Bursa Malaysia IT")	100	100	39,998	Dormant°.
Bursa Malaysia Depository Nominees Sdn Bhd ("Bursa Malaysia Depository Nominees")	100	75	~	Act as a nominee for Bursa Malaysia Depository and receive securities on deposit or for safe-custody or management
Malaysia Monetary Exchange Bhd ("MME")	100	100	1,000	Dormant°.
KLOFFE Information Systems Sdn Bhd ("KLOFFE IS")	100	100	~	Dormant.
Commodity and Monetary Exchange of Malaysia ("COMMEX")	^	^	^	Dormant°.

~ Denotes RM2.

* Incorporated in the Federal Territory of Labuan, Malaysia.

^ COMMEX is a company limited by guarantee. Bursa Malaysia Derivatives and the Company are regarded as COMMEX's immediate and ultimate holding company respectively. Bursa Malaysia Derivatives is the sole member of COMMEX.

° The Company made the decision to place these subsidiaries in member's voluntary liquidation during the financial year.

16 OTHER INVESTMENTS

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
At cost				
Unquoted bonds	96,305	92,737	50,578	29,663
Amortisation of premium less accretion of discount	(453)	(549)	(372)	(288)
	95,852	92,188	50,206	29,375
Provision for impairment loss	(89)	-	-	-
	95,763	92,188	50,206	29,375
Recreational club memberships	9	9	-	-
Total	**95,772**	**92,197**	**50,206**	**29,375**
At market value				
Unquoted bonds (indicative)	97,231	93,877	50,747	29,944

Maturity and weighted average yield to maturity per annum of the unquoted bonds as at the balance sheet date were as follows:

Maturity	Group RM'000	Group Weighted average yield to maturity %	Company RM'000	Company Weighted average yield to maturity %
2006				
Unquoted bonds				
Within one year	30,075	6.7	20,075	6.6
More than one year and less than five years	55,930	4.8	28,494	5.7
Five years or more	10,300	5.8	2,009	5.1
	96,305		**50,578**	
2005				
Unquoted bonds				
Within one year	3,847	3.9	3,847	3.9
More than one year and less than five years	40,559	6.5	20,076	6.6
Five years or more	48,331	5.6	5,740	4.2
	92,737		**29,663**	

17 STAFF LOANS RECEIVABLE

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Housing loans	27,661	30,054	25,090	26,984
Vehicle loans	611	648	587	549
Computer loans	260	230	258	222
Staff advances	57	56	24	23
	28,589	30,988	25,959	27,778
Less: Portion within 12 months, included in other receivables (Note 20)	(1,739)	(2,275)	(1,524)	(1,869)
	26,850	**28,713**	**24,435**	**25,909**

The staff housing and vehicle loans are secured against the properties and vehicles of the borrowers respectively. The staff loans bear interest of 2% to 4% per annum computed on monthly rest basis.

The maturity structure of the staff loans receivable as at the end of the financial year were as follows:

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Within one year	1,739	2,275	1,524	1,869
More than one year and less than five years	4,954	8,702	4,441	7,225
Five years or more	21,896	20,011	19,994	18,684
	28,589	**30,988**	**25,959**	**27,778**

18 DEFERRED TAX ASSETS/(LIABILITY)

	Group		Company	
RM'000	2006	2005	2006	2005
At 1 January	(925)	(792)	(2,144)	(1,657)
Recognised in income statement (Note 10)	(2,910)	(133)	(2,397)	(487)
At 31 December	**(3,835)**	**(925)**	**(4,541)**	**(2,144)**

Presented after appropriate offsetting as follows:

	Group		Company	
RM'000	2006	2005	2006	2005
Deferred tax assets	706	1,219	-	-
Deferred tax liability	(4,541)	(2,144)	(4,541)	(2,144)
	(3,835)	**(925)**	**(4,541)**	**(2,144)**

The components and movements of deferred tax assets and liability during the financial year prior to offsetting were as follows:

Deferred Tax Assets of the Group:

RM'000	Provision for retirement benefits	Provision for bonus and EPF	Provision for doubtful debts	Depreciation in excess of capital allowances	Others	Total
At 1 January 2006	4,967	652	1,531	82	989	8,221
Recognised in income statement	(168)	3,450	341	(12)	(518)	3,093
At 31 December 2006	**4,799**	**4,102**	**1,872**	**70**	**471**	**11,314**
At 1 January 2005	4,294	1,183	734	128	1,121	7,460
Recognised in income statement	673	(531)	797	(46)	(132)	761
At 31 December 2005	4,967	652	1,531	82	989	8,221

Deferred Tax Assets of the Company:

RM'000	Provision for retirement benefits	Provision for bonus and EPF	Provision for doubtful debts	Others	Total
At 1 January 2006	4,966	652	973	411	7,002
Recognised in income statement	(168)	3,450	263	61	3,606
At 31 December 2006	**4,798**	**4,102**	**1,236**	**472**	**10,608**
At 1 January 2005	4,293	1,135	677	490	6,595
Recognised in income statement	673	(483)	296	(79)	407
At 31 December 2005	4,966	652	973	411	7,002

Deferred Tax Liability of the Group and the Company:

RM'000	Accelerated capital allowances
At 1 January 2006	(9,146)
Recognised in income statement	(6,003)
At 31 December 2006	**(15,149)**
At 1 January 2005	(8,252)
Recognised in income statement	(894)
At 31 December 2005	(9,146)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
RM'000	2006	2005
Unabsorbed capital allowances	7,439	12,904
Unused tax losses	6,670	7,183

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967, other than the unused tax losses and unabsorbed capital allowances of subsidiaries which the Company intends to place in members' voluntary liquidation (as disclosed in Note 15), which will not be available for future use following the winding up of these subsidiaries.

19 TRADE RECEIVABLES

	Group		Company	
RM'000	2006	2005	2006	2005
Trade receivables	35,342	32,261	4,607	7,476
Less: Provision for doubtful debts	(5,138)	(4,590)	(2,423)	(2,520)
	30,204	**27,671**	**2,184**	**4,956**

The Group's primary exposure to credit risk arises through its trade receivables. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group's normal trade credit term ranges from 7 days to 30 days, except for trade receivables relating to fees due from clearing participants for clearing and settlement services where payment is due three market days from the month end.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single clearing participant or counter party.

Trade receivables are non-interest bearing.

20 OTHER RECEIVABLES

	Group		Company	
RM'000	2006	2005	2006	2005
Deposits and prepayments	2,503	2,039	2,234	1,790
Interest receivables	3,205	4,478	1,227	2,757
Staff loans receivable within 12 months (Note 17)	1,739	2,275	1,524	1,869
Sundry receivables	11,402	20,126	8,923	16,830
	18,849	28,918	13,908	23,246
Less: Provision for doubtful debts	(1,994)	(1,249)	(1,657)	(953)
	16,855	**27,669**	**12,251**	**22,293**

Included in sundry receivables is staff loans of RM5,748,000 (2005: RM9,227,000) and RM4,861,000 (2005: RM7,539,000) of the Group and of the Company, respectively, which are due from former staff. The interest rate charged on the loans was based on the base lending rate of a financial institution plus 0.25%.

21 INTERCOMPANY BALANCES

Advances from subsidiaries are unsecured, interest-free and repayable within 12 months or any other date agreed upon by the parties involved from the date on which such advance is given.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

22 SHORT TERM INVESTMENTS

	Group		Company	
	2006	2005	2006	2005
RM'000				
At cost				
Unquoted bonds	115,008	181,132	46,211	181,132
At market value				
Unquoted bonds (indicative)	120,233	186,329	48,310	186,329

Short term investments of the Group and the Company are managed by external fund managers.

Maturity and weighted average yield to maturity per annum of the unquoted bonds as at the balance sheet date were as follows:

	Group		Company	
Maturity		Weighted average yield to maturity		Weighted average yield to maturity
	RM'000	%	RM'000	%
2006				
Unquoted bonds				
More than one year and less than five years	62,353	5.0	25,054	5.0
Five years or more	52,655	4.6	21,157	4.6
	115,008		**46,211**	
2005				
Unquoted bonds				
Within one year	4,909	5.3	4 ,909	5.3
More than one year and less than five years	95,393	5.2	95,393	5.2
Five years or more	80,830	5.9	80,830	5.9
	181,132		181,132	

23 CASH AND BANK BALANCES

RM'000	Group 2006	Group 2005	Company 2006	Company 2005
Cash on hand and at banks	8,363	6,337	618	783
Deposits with:				
Licensed banks	627,168	233,541	81,730	43,628
Licensed finance companies	-	31,580	-	6,103
Other financial institutions	84,242	142,166	8,036	24,671
	711,410	407,287	89,766	74,402
	719,773	413,624	90,384	75,185

Included in cash and bank balances are the following:

i Cash collected, including accrued interest, by the following wholly-owned subsidiaries from:

RM'000	Group 2006	Group 2005
Clearing participants of Bursa Malaysia Derivatives Clearing	428,474	146,643
TCP of Bursa Malaysia Securities Clearing*	8,549	-
	437,023	146,643

ii An amount of RM25,000,000 (2005: RMNil) set aside in respect of Bursa Malaysia Securities Clearing's contribution to the CGF

iii An amount of RM14,014,000 (2005: RM21,836,000) which has been set aside to meet or secure the claims of creditors and certain lease payments pursuant to the High Court orders issued in relation to the reduction of capital of the Company.

iv Deposits of RM1,200,000 (2005: RM1,200,000) pledged with licensed banks by the Group and the Company for banking facilities granted.

The weighted average effective interest rates per annum and the average remaining maturity of deposits as at balance sheet date were as follows:

	Group		Company	
	Weighted average effective interest rates %	Average remaining maturity Days	Weighted average effective interest rates %	Average remaining maturity Days
2006				
Licensed banks	3.3	19	3.5	26
Other financial institutions	3.5	35	3.6	47
2005				
Licensed banks	3.0	57	2.9	40
Licensed finance companies	3.0	124	2.9	57
Other financial institutions	3.0	12	3.0	5

* This amount can only be utilised in accordance to the conditions set out in Note 26(d).

24 SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2006	2005	2006	2005
	'000	'000	RM'000	RM'000
Authorised				
At 1 January/31 December	**2,000,000**	**2,000,000**	**1,000,000**	**1,000,000**
Issued and fully paid				
At 1 January	513,060	500,000	256,530	250,000
Bonus issue	-	2,166,000	-	1,083,000
Capital reduction	-	(2,332,000)	-	(1,166,000)
Issued during the year:				
Pursuant to IPO	-	166,000	-	83,000
Pursuant to ESOS (Note 28(b))	6,542	13,060	3,271	6,530
At 31 December	**519,602**	**513,060**	**259,801**	**256,530**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25 SHARE PREMIUM

	Group		Company	
	2006	2005	2006	2005
RM'000				
Share premium from the Company	51,500	38,117	51,500	38,117
Share premium from Bursa Malaysia Derivatives (Note a)	12,600	12,600	-	-
	64,100	**50,717**	**51,500**	**38,117**

a Share Premium from Bursa Malaysia Derivatives

The share premium in Bursa Malaysia Derivatives arises from its "B" and "C" non-cumulative preference shares of RM1.00 each. The composition of its share premium is as follows:

Financial year of issue	Type of preference shares	No. of shares issued	Share premium RM'000
2001	"B" preference shares	16	8,000
2001	"C" preference shares	15	3,000
2002	"C" preference shares	6	1,200
2003	"C" preference shares	1	200
2005	"C" preference shares	1	200
			12,600

The share premium arising from the above issue is not distributable. The "B" and "C" preference shares have been accounted for as part of the Group's minority interest.

26 OTHER RESERVES

a Capital Redemption Reserve

The capital redemption reserve relates to the capitalisation of retained earnings arising from the redemption of preference shares by the following subsidiaries:

RM'000	Group 2006	Group 2005
Bursa Malaysia Depository	5,000	2,750
Bursa Malaysia Securities	250	250
	5,250	**3,000**

The capital redemption reserve is non-distributable in the form of dividends but may be applied in paying up unissued shares of the subsidiaries to be issued to the shareholders of the subsidiaries as fully-paid bonus shares.

b Foreign Currency Exchange Reserve

The foreign currency exchange reserve is used to record exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency differs from the Group's presentation currency.

c Share Option Reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

d CGF Reserve

The CGF reserve is an amount set aside following the implementation of the CGF. On 1 July 2006, pursuant to the Rules of Bursa Malaysia Securities Clearing, Bursa Malaysia Securities Clearing set up a CGF for securities clearing and settlement. The quantum of the CGF was set at RM100,000,000. The CGF comprises contributions from TCPs (15 per cent) and Bursa Malaysia Securities Clearing (25 per cent), and other financial resources (currently in the form of a Standby Credit Facility from the Company) (60 per cent), as follows:

RM'000	2006
TCPs of Bursa Malaysia Securities Clearing*	15,000
Bursa Malaysia Securities Clearing	25,000
Standby Credit Facility from the Company	60,000
	100,000

* Contributions from TCPs of Bursa Malaysia Securities Clearing, including accrued interest, are in the form of:

RM'000	2006
Cash	8,549
Bank guarantees	6,912
	15,461

Payments out of the CGF shall be applied in the following order of priority:

i Contributions made by the TCPs in default (if applicable);

ii Contributions made by all other non-defaulting TCPs and the amount contributed by Bursa Malaysia Securities Clearing from its resources on a pro-rata basis according to the proportion contributed by the TCPs and Bursa Malaysia Securities Clearing pursuant to the relevant rules of the CGF; and

iii Additional resources such as bank facilities and insurance policies secured.

27 RETAINED EARNINGS

As at 31 December 2006, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends amounting to approximately RM44,610,000 (2005: RM116,903,000) out of its retained earnings. If the balance of the retained earnings of approximately RM65,897,000 (2005: RM79,969,000) were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM17,792,000 (2005: RM22,391,000).

28 EMPLOYEE BENEFITS

a Retirement Benefit Obligations

The Group operates a funded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. Under the Scheme, eligible employees are entitled to a lump sum, upon leaving service, calculated based on the multiplication of 2 times the Final Scheme Salary, Pensionable Service and a variable factor based on service years, less EPF offset. The Scheme was closed to new entrants effective 1 September 2003.

Movements in the net liability were as follows:

	Group		Company	
RM'000	2006	2005	2006	2005
At 1 January	17,738	30,967	17,738	20,417
Recognised in income statement (Note 5)	2,979	2,756	2,979	2,756
Contributions paid	(2,263)	(15,985)	(2,263)	(5,435)
	18,454	**17,738**	**18,454**	**17,738**

The amounts recognised in the balance date were determined as follows:

	Group and Company	
RM'000	2006	2005
Present value of funded defined benefit obligations	34,165	35,277
Fair value of plan assets	(3,037)	(3,510)
Unrecognised actuarial losses	(12,674)	(14,029)
Net liability	**18,454**	**17,738**

The present value of defined benefit obligations are analysed as follows:

RM'000	Group and Company 2006	Group and Company 2005
Current	1,329	203
Non-current:		
Later than one year but not later than two years	1,066	49
Later than two years but not later than five years	3,232	947
Later than five years	28,538	34,078
	32,836	35,074
	34,165	**35,277**

The amounts recognised in the income statement during the year were as follows:

RM'000	Group and Company 2006	Group and Company 2005
Interest cost	2,082	2,141
Expected return on plan assets	(153)	(204)
Actuarial loss	1,050	819
Total	**2,979**	**2,756**

The actual return on the plan assets of the Group and of the Company for the year was a loss of RM24,000 (2005: gain of RM148,000).

Principal actuarial assumptions used:

%	2006	2005
Discount rate	6.0	6.0
Expected return on plan assets	5.0	5.0
Expected rate of salary increase	8.0	8.0

b ESOS

The ESOS is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 11 December 2004. The ESOS was implemented on 9 March 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient terms of the ESOS are as follows:

i The Option Committee appointed by the Board of Directors to administer the ESOS, may at its discretion at any time within the duration of the scheme, grant options to eligible employees or Executive Directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company.

ii The total number of shares to be issued under the ESOS shall not exceed in aggregate 13% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual employee or Executive Director who, either singly or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.

iii The exercise price for each share shall be as follows:

- In respect of options granted in conjunction with the IPO, the IPO price;
- In respect of options granted subsequent to the Listing to new employees of the Company, the weighted average market price of the shares for the 5 market days immediately preceding the date on which the options are granted with a discount of not more than 10% at the Option Committee's discretion, provided that the option price shall in no event be less than the par value of the shares of the Company of RM0.50.

iv All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	Number of Share Options				
	Outstanding	Movements during the year		Outstanding	Exercisable
'000	at 1 Jan	Granted	Exercised	at 31 Dec	at 31 Dec
2006					
2005 options	43,172	-	(6,139)	37,033	2,062
2006 options	-	640	(403)	237	38
	43,172	640	(6,542)	37,270	2,100
WAEP	2.46	4.05	2.55	2.33	2.33
2005					
2005 options	-	56,232	(13,060)	43,172	1,378
WAEP	-	3.00	3.00	2.46	2.47

Inclusive in the 56,232,000 options granted in 2005, were 55,993,000 options granted in conjunction with the IPO, out of which, a total of 21,023,000 had been vested as at 31 December 2006 (2005: 14,409,000). The allocation of options for each subsequent year over the remaining option period will be determined by the Option Committee based on employees' performance rating in the respective years and such other factors deemed appropriate by the Option Committee at its discretion.

i Details of share options outstanding at the end of the year

Grant date	WAEP RM	Exercise period
2006		
2005 options	2.31	09.03.2005 - 08.03.2010
2006 options	4.88	09.03.2006 - 08.03.2010
2005		
2005 options	2.46	09.03.2005 - 08.03.2010

ii Share options exercised during the year

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 6,542,000 (2005: 13,060,000) ordinary shares at a weighted average exercise price of RM2.55 (2005: RM3.00) each. The related weighted average share price at the date of exercise was RM6.04 (2005: RM4.35).

iii Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions were as follows:

	2006	2005
Weighted average fair value of share options (RM)		
2006 options	0.94	-
2005 options	-	0.46
Weighted average share price (RM)	4.92	3.01
Weighted average exercise price (RM)	3.83	3.00
Expected volatility (%)	20.0 - 25.0	20.0 - 25.0
Expected life (years)	3.7 - 4.6	5
Risk free rate (%)	3.3 - 3.7	3.3 - 3.7
Expected dividend yield (%)	4.0	4.0

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

29 DEFERRED INCOME

Deferred income of the Group relates to grants received by Bursa Malaysia Derivatives Clearing, from the SC and is recognised as income over the period necessary to match them with the related costs which they are intended to compensate on a systematic basis. The grants have not been utilised during the financial year.

30 BORROWINGS

	Group	
RM'000	2006	2005
Long term borrowings	659	879
Less: Portion repayable within 12 months, included as short term borrowings	(220)	(220)
	439	**659**

Borrowings of the Group relate to amounts payable to the Government of Malaysia and comprise two interest-free unsecured loans of RM697,000 and RM1,500,000. Each loan is repayable in ten equal annual instalments, repayments of which commenced on 30 November 2000.

31 LONG TERM LIABILITY

	Group and Company	
RM'000	2006	2005
Long term liability	46,720	47,259
Less: Portion repayable within 12 months, included in other payables (Note 33)	(539)	(539)
	46,181	**46,720**

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

32 TRADE PAYABLES

Trade payables of the Group represent cash deposits collected by Bursa Malaysia Derivatives Clearing from clearing participants:

RM'000	Group 2006	Group 2005
Security deposits	5,678	2,450
Clearing fund contribution	19,566	18,633
Margin and excess cash on derivatives contracts	411,381	129,038
	436,625	**150,121**

The above are placed in interest-bearing deposits and interest earned is credited to clearing participants' accounts net of service charges levied.

Included in margin deposits are foreign currency collaterals received in United States Dollar ("USD") of RM2,124,000 (2005: RM295,000).

Security deposits and margin deposits lodged with Bursa Malaysia Derivatives Clearing in the form of letters of credit amounting to RM110,600,000 (2005: RM82,550,000) are not included in the Group's balance sheet.

33 OTHER PAYABLES

	Group		Company	
RM'000	2006	2005	2006	2005
Amount owing to SC	4,842	3,394	36	36
Accruals	17,113	27,448	16,076	22,522
Provision for bonus and EPF	15,192	2,328	15,192	2,328
Sundry payables	32,273	33,677	24,682	25,286
Short term liability (Note 31)	539	539	539	539
	69,959	**67,386**	**56,525**	**50,711**

34 COMPENSATION FUNDS

The Group maintains the following compensation funds to compensate investors who have suffered losses under the circumstances specified in the relevant rules and regulations.

The net assets of the funds are as follows:

RM'000	2006	2005
Bursa Malaysia Securities Berhad - Securities Compensation Fund ("Securities Compensation Fund")	269,494	260,701
Bursa Malaysia Derivatives Berhad - Fidelity Fund ("Derivatives Fidelity Fund")	11,472	11,212
Bursa Malaysia Depository Sdn Bhd - Compensation Fund ("Depository Compensation Fund")	50,000	50,000
Malaysia Monetary Exchange Bhd - Fidelity Fund ("MME Fidelity Fund")	1,177	1,151

The assets of the funds are segregated from the financial statements of the Group and accounted for separately.

a Securities Compensation Fund

The fund was established on 1 July 1997 pursuant to the Securities Industry Act, 1983 and the net assets of the Kuala Lumpur Stock Exchange Berhad Fidelity Fund was effectively transferred to the fund on that date.

The fund comprises contributions from Bursa Malaysia Securities, a wholly owned subsidiary, and participating organisations. Over and above the contributions, the SC has also pledged to set aside RM100 million to meet the needs of the fund as and when required. Contributions receivable and withdrawals from the Compensation Fund are governed by the provisions of the Securities Industry Act, 1983.

b Derivatives Fidelity Fund

The fund was established and maintained by Bursa Malaysia Derivatives, a wholly-owned subsidiary, in accordance with the provisions of the Futures Industry Act, 1993.

The fund comprises contributions from trading par ticipants. Contributions receivable and withdrawals from the Fidelity Fund are governed by the provisions of the Futures Industry Act, 1993.

c Depository Compensation Fund

In 1997, pursuant to the provisions of Section 5(1)(b)(vii) of the Securities Industry (Central Depositories) Act, 1991, Bursa Malaysia Depository, a wholly-owned subsidiary, established a scheme of compensation for the purpose of settling claims by depositors against Bursa Malaysia Depository, its authorised depository agents and Bursa Malaysia Depository Nominees. The scheme comprises the Compensation Fund and insurance policies. Bursa Malaysia Depository's policy is to maintain the balance in the Compensation Fund at RM50,000,000. In consideration for the above, all revenue accruing to the Compensation Fund's deposits and investments are to be credited to Bursa Malaysia Depository and all expenditure incurred for and on behalf of the Compensation Fund will be absorbed by Bursa Malaysia Depository.

d MME Fidelity Fund

MME ceased operations on 7 December 1998 following the merger with COMMEX. MME has remained a dormant company since then and the Group is in the process of commencing winding up proceedings. The MME Fidelity Fund will, upon the completion of winding up, be transferred to Derivatives Fidelity Fund. There are no pending claims against the MME Fidelity Fund.

35 CAPITAL COMMITMENTS

	Group and Company	
RM'000	2006	2005
Approved and contracted for		
Computers and office automation:		
Trading system	22,941	18,798
Other information technology systems	11,000	12,235
Renovation and office equipment	210	-
	34,151	31,033
Approved but not contracted for		
Computers and office automation:		
Trading system	14,914	1,184
Other information technology systems	14,281	9,841
	29,195	11,025

36 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant transactions between the Company and its subsidiaries are as follows:

RM'000	Company 2006	Company 2005
Management fee income from subsidiaries:		
Bursa Malaysia Securities	59,077	43,839
Bursa Malaysia Derivatives	12,576	9,486
LFX	519	382
Bursa Malaysia Securities Clearing	17,593	13,866
Bursa Malaysia Derivatives Clearing	5,222	3,868
Bursa Malaysia Depository	24,374	21,411
Bursa Malaysia Information	10,456	7,415
	129,817	100,267
Commitment fees from a subsidiary, Bursa Malaysia Securities Clearing	330	65
Lease rental income from a subsidiary, Bursa Malaysia Derivatives	343	-
Depository services charges to a subsidiary, Bursa Malaysia Depository	(50)	(45)

Management fees charged to subsidiaries are in respect of operational and administrative functions of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the balance sheet date are disclosed in Note 21.

Significant transactions between the Group and the Company and other related parties are as follows:

	Group		Company	
RM'000	2006	2005	2006	2005
Administration fee income from a fund managed by the Company, Securities Compensation Fund	791	767	791	767
Administration fee income from a fund managed by a subsidiary, Derivatives Fidelity Fund	120	120	-	-
Gain on disposal of property disposed by a subsidiary to Hwang Enterprises Sdn Bhd, a company with a common director (Note 37)	218	-	-	-

The Directors are of the opinion that, with the exception of dividends, the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Certain Directors are also directors of stockbroking companies. The transactions entered into with these stockbroking companies have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Government-linked corporations are related to the Company by virtue of the substantial shareholdings of the Minister of Finance Incorporated in the Company. The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

37 OTHER SIGNIFICANT EVENTS

On 5 May 2006, Bursa Malaysia Securities Clearing executed a Sale and Purchase Agreement to dispose a freehold property to Hwang Enterprises Sdn Bhd, a company with a common director, for a cash consideration of RM4,400,000. The sale was completed on 1 November 2006 with receipt of the full consideration. The profit arising from the disposal is RM218,000.

38 FINANCIAL INSTRUMENTS

a Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate (both fair value and cash flow) risk, foreign currency risk, liquidity risk and credit risk. The Group operates within clearly defined guidelines that are approved by the Board. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

b Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to both cash flow and interest rate risks as it has substantial short and long term interest-bearing financial assets as at the balance sheet date. The investments in financial assets are not held for speculative purposes but have been placed in fixed deposits and invested in unquoted securities. The informa tion on maturity dates and effective interest rates are disclosed in Notes 16, 22 and 23.

c Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through trade margins and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Australian Dollar ("AUD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 5.9 per cent of Group operating and capital costs are denominated in currencies other than the functional currencies of the respective entities, while approximately 1.1 per cent of trade margins are denominated in a currency other than the functional currency of the respective entity.

The unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group companies RM'000	Net financial assets/(liabilities) held in non-functional currencies RM	 AUD	 USD	 Total
At 31 December 2006				
RM	-	1,198	21	1,219
USD	(35)	-	-	(35)
	(35)	**1,198**	**21**	**1,184**
At 31 December 2005				
RM	-	579	23	602
USD	(252)	-	-	(252)
	(252)	579	23	350

d Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to meet its operational needs.

e Credit Risk

The Group's credit risk is primarily attributable to trade receivables, outstanding loans from ex-staff and certain sundry receivables. Receivables are monitored on an on-going basis via Group management reporting procedures.

In the normal course of business, the clearing houses of the Group act as the counterparty to eligible trades concluded on the equity and derivatives markets through novation of the obligations of the buyers and sellers. As a result, the Group faces credit risk since the participants' ability to honour their obligations in respect of their trades may be adversely affected by economic conditions.

The Group mitigates its exposure to risks described above by requiring the participants' to meet the Group's established financial requirements and criteria for admission as participants, monitoring compliance with risk management measures such as position limits established by the Group and requiring participants to contribute to the funds set up by the respective clearing houses. In addition, the Group had taken up insurance to cover the risks.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and unquoted securities, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

f Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
RM'000	Carrying amount	Fair value	Carrying amount	Fair value
31 December 2006				
Other investments (Note 16)	95,772	97,231	50,206	50,747
Staff loans receivable (Note 17)	28,589	16,705	25,959	15,013
Long term borrowings (Note 30)	(439)	(404)	-	-
Long term liability (Note 31)	(46,181)	(9,293)	(46,181)	(9,293)
31 December 2005				
Other investments (Note 16)	92,188	93,877	29,375	29,944
Staff loans receivable (Note 17)	30,988	25,336	27,778	22,766
Long term borrowings (Note 30)	(659)	(598)	-	-
Long term liability (Note 31)	(46,720)	(10,624)	(46,720)	(10,624)

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

i Other investments
The fair value of unquoted securities is determined based on indicative rates obtained from third parties at the close of the last business day on or before the balance sheet date. Management believes the estimated fair values are reasonable and the most appropriate at the balance sheet date.

ii Staff loans receivable
The fair value of staff loans receivable is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles.

iii Long term liability and borrowings
The fair values of long term liability and borrowings are estimated by discounting the expected future cash flows using applicable market rates.

39 SEGMENT INFORMATION

a Reporting Format

The primary segment reporting format is determined to be market segments as the Group's risks and rates of return are affected predominantly by the activities on the different exchanges. Secondary information is reported by business segments.

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 equity 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.

c Business Segments

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

i The exchanges
provide, operate and maintain securities, futures and options and offshore financial exchanges.

ii The clearing, settlement and depository
provides, operates and maintains clearing houses for the securities and futures and options exchange, and a central depository for securities listed on the securities exchange.

iii The information services
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.

d Allocation Basis and Transfer Pricing

Segment results, asset and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

i Market Segments

RM'000	Cash market	Derivatives market	Offshore market	Information services	Exchange holding	Others	Elimination	Consoli-dated
31 December 2006								
Operating revenue								
External revenue	209,407	33,942	393	18,376	-	-	-	262,118
Inter-segment revenue	376	-	-	959	269,741	-	(271,076)	-
Total operating revenue	209,783	33,942	393	19,335	269,741	-	(271,076)	262,118
Other income	12,879	6,429	327	168	19,914	114	(6)	39,825
	222,662	40,371	720	19,503	289,655	114	(271,082)	301,943
Operating expenses	(102,284)	(19,765)	(583)	(10,373)	(138,911)	(13)	131,825	(140,104)
Segment results	120,378	20,606	137	9,130	150,744	101	(139,257)	161,839
Unallocated expenses								(8,333)
Profit from operations								153,506
Finance costs								(593)
Profit before tax								152,913
Income tax expense								(44,004)
Profit for the year								108,909
Segment assets								
Assets	316,379	507,517	6,963	12,382	527,607	3,102	-	1,373,950
Unallocated assets								33,473
Total assets								1,407,423
Segment liabilities								
Liabilities	17,327	441,307	209	1,837	122,572	7	-	583,259
Unallocated liabilities								14,741
Total liabilities								598,000
Other information								
Capital expenditure	950	237	-	-	9,278	-	-	10,465
Depreciation	412	168	5	3	15,083	2	-	15,673
Amortisation of computer software	-	-	-	-	382	-	-	382
Impairment losses recognised in profit or loss	139	-	-	-	-	-	-	139
Other significant non-cash expenses:								
Net provision for doubtful debts	763	61	-	(138)	607	-	-	1,293
Increase in pension costs	-	-	-	-	2,979	-	-	2,979
Share options granted under ESOS	-	-	-	-	3,901	-	-	3,901

RM'000	Cash market	Derivatives market	Offshore market	Information services	Exchange holding	Others	Elimination	Consolidated
31 December 2005								
Operating revenue								
External revenue	152,626	20,808	264	18,446	141	-	-	192,285
Inter-segment revenue	267	-	-	1,002	238,312	-	(239,581)	-
Total operating revenue	152,893	20,808	264	19,448	238,453	-	(239,581)	192,285
Other income	22,017	5,559	216	1,172	36,109	271	-	65,344
	174,910	26,367	480	20,620	274,562	271	(239,581)	257,629
Operating expenses	(93,915)	(16,673)	(1,128)	(9,298)	(118,459)	(47)	101,840	(137,680)
Segment results	80,995	9,694	(648)	11,322	156,103	224	(137,741)	119,949
Unallocated expenses								(6,397)
Profit from operations								113,552
Finance costs								(333)
Profit before tax								113,219
Income tax expense								(32,311)
Profit for the year								80,908
Segment assets								
Assets	282,017	211,287	7,771	6,177	657,040	3,006	-	1,167,298
Unallocated assets								30,148
Total assets								1,197,446
Segment liabilities								
Liabilities	12,037	154,455	315	2,278	116,583	8	-	285,676
Unallocated liabilities								7,287
Total liabilities								292,963
Other information								
Capital expenditure	13,770	3,379	-	-	7,495	-	-	24,644
Depreciation	163	310	53	5	12,725	7	-	13,263
Amortisation of goodwill	-	303	-	-	1,843	-	795	2,941
Impairment losses recognised in profit or loss	162	-	-	-	-	-	-	162
Other significant non-cash expenses:	450	232	-	(106)	3,901	(2)	-	4,475
Net provision for doubtful debts	42	113	-	79	680	(2)	-	912
Increase in pension costs	-	-	-	-	2,756	-	-	2,756
Share options granted under ESOS	-	-	-	-	4,368	-	-	4,368

ii Business Segments

RM'000	Exchanges	Clearing, settlement and depository	Information services	Exchange holding	Others	Elimination	Consolidated
31 December 2006							
Operating revenue							
External revenue	142,138	101,604	18,376	-	-	-	262,118
Inter-segment revenue	326	50	959	269,741	-	(271,076)	-
Total operating revenue	142,464	101,654	19,335	269,741	-	(271,076)	262,118
Other income	5,024	14,611	168	19,914	114	(6)	39,825
	147,488	116,265	19,503	289,655	114	(271,082)	301,943
Operating expenses	(73,194)	(49,438)	(10,373)	(138,911)	(13)	131,825	(140,104)
Segment results	74,294	66,827	9,130	150,744	101	(139,257)	161,839
Unallocated expenses							(8,333)
Profit from operations							153,506
Finance costs							(593)
Profit before tax							152,913
Income tax expense							(44,004)
Profit for the year							108,909
Segment assets							
Assets	174,063	656,796	12,382	527,607	3,102	-	1,373,950
Unallocated assets							33,473
Total assets							1,407,423
Segment liabilities							
Liabilities	3,381	455,462	1,837	122,572	7	-	583,259
Unallocated liabilities							14,741
Total liabilities							598,000
Other information							
Capital expenditure	1,187	-	-	9,278	-	-	10,465
Depreciation	546	39	3	15,083	2	-	15,673
Amortisation of computer software	-	-	-	382	-	-	382
Impairment losses recognised in profit or loss	-	139	-	-	-	-	139
Other significant non-cash expenses:							
Net provision for doubtful debts	92	732	(138)	607	-	-	1,293
Increase in pension costs	-	-	-	2,979	-	-	2,979
Share options granted under ESOS	-	-	-	3,901	-	-	3,901

RM'000	Exchanges	Clearing, settlement and depository	Information services	Exchange holding	Others	Elimination	Consolidated
31 December 2005							
Operating revenue							
External revenue	98,736	74,962	18,446	141	-	-	192,285
Inter-segment revenue	222	45	1,002	238,312	-	(239,581)	-
Total operating revenue	98,958	75,007	19,448	238,453	-	(239,581)	192,285
Other income	5,229	22,563	1,172	36,109	271	-	65,344
	104,187	97,570	20,620	274,562	271	(239,581)	257,629
Operating expenses	(62,877)	(48,839)	(9,298)	(118,459)	(47)	101,840	(137,680)
Segment results	41,310	48,731	11,322	156,103	224	(137,741)	119,949
Unallocated expenses							(6,397)
Profit from operations							113,552
Finance costs							(333)
Profit before tax							113,219
Income tax expense							(32,311)
Profit for the year							80,908
Segment assets							
Assets	126,702	374,373	6,177	657,040	3,006	-	1,167,298
Unallocated assets							30,148
Total assets							1,197,446
Segment liabilities							
Liabilities	7,567	159,240	2,278	116,583	8	-	285,676
Unallocated liabilities							7,287
Total liabilities							292,963
Other information							
Capital expenditure	17,142	7	-	7,495	-	-	24,644
Depreciation	342	184	5	12,725	7	-	13,263
Amortisation of goodwill	303	-	-	1,843	-	795	2,941
Impairment losses recognised in profit or loss	-	162	-	-	-	-	162
Other significant non-cash expenses:	201	481	(106)	3,901	(2)	-	4,475
Net provision for doubtful debts	159	(4)	79	680	(2)	-	912
Increase in pension costs	-	-	-	2,756	-	-	2,756
Share options granted under ESOS	-	-	-	4,368	-	-	4,368

Location	Postal Address	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Land Area/ Built-up Area (Sq. meters)	Date of Acquisition	Net Book Value 31 Dec 2006
Geran No. 28936 Lot No. 520 (formerly P.T. 8) Section 19, Town and District of Kuala Lumpur	Exchange Square Bukit Kewangan 50200 Kuala Lumpur	16-storey office building with 5-level basement car park and a lower level car park known as the main building	Principal and operational office	Leasehold 99 years*	86 years (14 Apr 2092)	9 years	7,144/ 71,347	Aug 1997	Land - RM19,186,200 Building - RM158,767,901
Geran No. 28938 Lot No. 522 (formerly P.T. 10) Section 19, Town and District of Kuala Lumpur	Exchange Square Bukit Kewangan 50200 Kuala Lumpur	2-storey office cum exposition building with 2-level basement car park known as the annexe building	Principal and operational office	Leasehold 99 years*	89 years (28 Feb 2095)	8 years	9,314/ 38,609	Mar 1998	Land - RM26,860,732 Building - RM54,180,071
Lot 5.0 to 8.0, No. Berdaftar Geran 17768/MI/4/5 to 8 Bangunan No. M1 Lot No. 51452, Mukim of Kuala Lumpur Daerah Wilayah Persekutuan	4th Floor, Wisma Chase Perdana Off Jalan Semantan Damansara Heights 50490 Kuala Lumpur	Four office units on the 4th Floor of a 12-storey office building	Disaster recovery site	Freehold	N/A	23 years	N/A/ 3,355	May 1998	RM11,375,301

* These are freehold lands which have been leased to us by the Federal Land Commissioner for a period of 99 years.

1 TUN MOHAMED DZAIDDIN BIN HAJI ABDULLAH

• Challenges facing Bursa Malaysia	4 Mar 2006
• An Analyst's Perspective on Exchange Valuations	4 Mar 2006
• Independent Non-Executive Directors: The Way Forward	2 Aug 2006
• 46th General Assembly of the World Federation of Exchanges	15 - 18 Oct 2006
• Malaysian Capital Market Summit 2006: Growing a Vibrant and Innovative Capital Market	23-24 Nov 2006

2 DATO' ABDUL LATIF BIN ABDULLAH

• Challenges facing Bursa Malaysia	4 Mar 2006
• An Analyst's Perspective on Exchange Valuations	4 Mar 2006
• Drill for Crisis Communication	24 Apr 2006
• Independent Non-Executive Directors: The Way Forward	2 Aug 2006
• International MEKO – Conference MECON 2005	28 Aug - 2 Sep 2006

3 DATUK HAJI FAISYAL BIN DATUK YUSOF HAMDAIN DIEGO

• Challenges facing Bursa Malaysia	4 Mar 2006
• An Analyst's Perspective on Exchange Valuations	4 Mar 2006
• Enhancing Board Effectiveness: A Practical Perspective	30 Jun 2006
• Independent Non-Executive Directors: The Way Forward	2 Aug 2006
• All about Merger & Acquisition	3 Nov 2006
• Global Exchanges Trend	3 Nov 2006
• Malaysian Capital Market Summit 2006: Growing a Vibrant and Innovative Capital Market	23-24 Nov 2006

4 DATUK AZMAN BIN ABDUL RASHID

• Challenges facing Bursa Malaysia	4 Mar 2006
• An Analyst's Perspective on Exchange Valuations	4 Mar 2006
• Enhancing Board Effectiveness: A Practical Perspective	30 Jun 2006
• Annual Conference 2006: Corporate Updates	10-11 Jul 2006
• Independent Non-Executive Directors: The Way Forward	2 Aug 2006
• All about Merger & Acquisition	3 Nov 2006
• Global Exchanges Trend	3 Nov 2006

5	**DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR**	
•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Government-Linked Companies (GLC) Transformation: Strategies, Challenges & Future Plans	23-24 Mar 2006
•	Independent Non-Executive Directors: The Way Forward	2 Aug 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006
•	World Islamic Economic Forum 2006	6 Nov 2006
6	**DR. THILLAINATHAN A/L RAMASAMY**	
•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Turning Execution into Competitive Advantage	29 Mar 2006
•	Making Biofuel from Palm Oil: Issues, Challenges & Opportunities	28 Jun 2006
•	Independent Non-Executive Directors: The Way Forward	2 Aug 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006
7	**DATO' ABDUL WAHID BIN OMAR**	
•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Strengthening Malaysian Singapore Trade and Investment: Director Investor Perspective	29 Jun 2006
•	Independent Non-Executive Directors: The Way Forward	2 Aug 2006
•	Khazanah Megatrends Forum 2006: Global Regional Trends and Implications for Malaysia	22-23 Sep 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006
8	**IZHAM BIN YUSOFF**	
•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Annual Conference 2006: Corporate Updates	10-11 Jul 2006
•	Independent Non-Executive Directors: The Way Forward	2 Aug 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006
9	**DATO' SERI HWANG SING LUE**	
•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Asset-Liability & Liquidity Management, Capital, Risk and Credit	21-22 May 2006
•	Code of Corporate Compliance & Ethical Conduct	15 Jun 2006
•	Independent Non-Executive Directors: The Way Forward	2 Aug 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006
•	Malaysian Capital Market Summit 2006: Growing a Vibrant and Innovative Capital Market	23-24 Nov 2006

10 CHEAH TEK KUANG

•	Anti-Money Laundering and Counter-Financing of Terrorism	18 Jan 2006
•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Continuing a Legacy in Monetary & Financial Economics	18 Apr 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006
•	Strategic Talent Management	14 Nov 2006

11 PETER LEONG TUCK LENG

•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	Internal Auditing, Risk Management & Compliance: Adding Value and Assurance	7 Jun 2006
•	Korean Capital Market Program	2-15 Sep 2006
•	Financial Risk Management & BASEL II	27-29 Sep 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006

12 DATO' YUSLI BIN MOHAMED YUSOFF

•	Challenges facing Bursa Malaysia	4 Mar 2006
•	An Analyst's Perspective on Exchange Valuations	4 Mar 2006
•	25th Asian & Oceanian Stock Exchanges Federation (AOSEF) General Assembly	12-14 Apr 2006
•	7th HP Annual International Capital Market and Stock Exchange Forum	2-3 May 2006
•	Strengthening Capital Market Competition	23 May 2006
•	Independent Non-Executive Directors: The Way Forward	2 Aug 2006
•	46th General Assembly of the World Federation of Exchanges	15-18 Oct 2006
•	All about Merger & Acquisition	3 Nov 2006
•	Global Exchanges Trend	3 Nov 2006

13 DATO' WONG PUAN WAH @ WONG SULONG

•	Mandatory Accreditation Programme (MAP)	6-7 Dec 2006
•	Induction Programme for New Director	11 Dec 2006

Authorised Share Capital: RM1,000,000,000 divided into 2,000,000,000 ordinary shares of RM0.50 each

Issued and Paid-up Share Capital: RM259,915,900 comprising 519,831,800 ordinary shares of RM0.50 each

Class of Shares: Ordinary shares of RM0.50 each

Voting Rights: 1 vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
1 - 99	82	1	83	0.52	1,404	9	1,413	0.00
100 – 1,000	6,795	113	6,908	42.92	5,870,632	98,200	5,968,832	1.15
1,001 – 10,000	7,098	281	7,379	45.85	29,397,647	1,351,400	30,749,047	5.92
10,001 – 100,000	1,344	144	1,488	9.25	33,894,523	5,780,397	39,674,920	7.63
100,001 – less than 5% of issued shares	91	142	233	1.45	92,977,075	138,146,312	231,123,387	44.46
5% and above of issued shares	2	1	3	0.01	175,400,001	36,914,200	212,314,201	40.84
Total	**15,412**	**682**	**16,094**	**100.00**	**337,541,282**	**182,290,518**	**519,831,800**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1 Individual	13,735	298	62,782,252	3,732,309	12.08	0.72
2 Body Corporate						
a Banks/finance companies	40	0	13,920,174	0	2.68	0.00
b Investment/trust/foundations/charities	1	0	9,000	0	0.00	0.00
c Industrial and commercial companies	164	10	9,296,525	232,000	1.79	0.04
3 Government agencies/institutions	6	0	197,678,701	0	38.02	0.00
4 Nominees	1,462	374	53,601,630	178,326,209	10.31	34.31
5 Others	4	0	253,000	0	0.05	0.00
Total	**15,412**	**682**	**337,541,282**	**182,290,518**	**64.93**	**35.07**

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Issued Shares	% of Issued Shares
1	Capital Market Development Fund	100,200,001	19.28
2	Minister of Finance Incorporated	75,200,000	14.47
3	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Mellon Bank (ABNAMRO Mellon)	36,914,200	7.10
4	CIMSEC Nominees (Tempatan) Sdn Bhd Minister of Finance Incorporated (ESOS Pool Account)	24,993,300	4.81
5	Employees Provident Fund Board	17,786,700	3.42
6	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.S.A.)	15,753,661	3.03
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (ETP)	7,073,600	1.36
8	Kuala Lumpur City Corporation Berhad	6,072,728	1.17
9	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.K.)	5,882,300	1.13
10	HSBC Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds South East Asia	5,737,800	1.10
11	Kumpulan Wang Amanah Pencen	4,367,000	0.84
12	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. International Limited	4,100,000	0.79
13	HSBC Nominees (Asing) Sdn Bhd TNTC for Unilever Pension Fund	3,572,900	0.69
14	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for JF Asean Fund	3,500,000	0.67
15	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Melchior Greater China Opportunities Fund	3,499,500	0.67
16	Mayban Nominees (Asing) Sdn Bhd HSBC-Fund Services for HSBC Pooled Asian Equity Fund (066-010018-476)	3,124,500	0.60
17	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for the Royal Bank of Scotland Group Pension Fund	3,049,503	0.59

No.	Name	No. of Issued Shares	% of Issued Shares
18	Aseambankers Malaysia Berhad IVT for Mayban Securities Sdn Bhd (Dealer CC)	3,036,364	0.58
19	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for IShares, Inc.	2,995,400	0.58
20	Citigroup Nominees (Asing) Sdn Bhd CB LDN for Stichting BedrijfsPensioenFonds Voor De Metaal Entechnische Bedrijfstakken (Fleming Invest)	2,930,400	0.56
21	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	2,660,400	0.51
22	Citigroup Nominees (Asing) Sdn Bhd Scottish Equitable (MF) Ltd for Series B Pacific Fund (CB LDN)	2,572,000	0.50
23	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Unidynamicfonds: S. Asia	2,500,000	0.48
24	HSBC Nominees (Asing) Sdn Bhd Exempt AN for BNP Paribas Securities Services (Convert in USD)	2,500,000	0.48
25	HSBC Nominees (Asing) Sdn Bhd Exempt AN for the Hongkong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)	2,277,800	0.44
26	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Credit Agricole Titres Brunoy	2,200,000	0.42
27	Inter-Pacific Securities Sdn Bhd IVT (9C55)	2,114,362	0.41
28	Cartaban Nominees (Asing) Sdn Bhd State Street Munich Fund Q600 for Cern Pension Fund	2,000,000	0.38
29	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (Denmark)	1,865,000	0.36
30	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Wells Fargo Advantage Asia Pacific Fund	1,805,000	0.35
	Total	**352,284,419**	**67.77**

DIRECTORS' DIRECT INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

The details of interests of the Directors in the shares of the Company as at 5 February 2007 appearing in the Register of Directors' Shareholdings maintained by the Company pursuant to Section 134 of the Companies Act, 1965 are as follows:

Name of Directors	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Tun Mohamed Dzaiddin bin Haji Abdullah	133,000	0.03	-	-
Dato' Abdul Latif bin Abdullah	50,000	0.01	-	-
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	100,000	0.02	-	-
Datuk Azman bin Abdul Rashid	25,000	0.00	-	-
Datin Paduka Siti Sa'diah binti Sheikh Bakir	52,000	0.01	-	-
Dr. Thillainathan a/l Ramasamy	50,000	0.01	-	-
Dato' Abdul Wahid bin Omar	50,000	0.01	-	-
Izham bin Yusoff	10,000	0.00	-	-
Dato' Wong Puan Wah @ Wong Sulong	0	0.00		
Dato' Seri Hwang Sing Lue	100,000	0.02	-	-
Cheah Tek Kuang	50,000	0.01	-	-
Peter Leong Tuck Leng	0	0.00	-	-
Dato' Yusli bin Mohamed Yusoff *	900,000	0.17	-	-
Total	**1,520,000**	**0.29**		

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 FEBRUARY 2007

Name	No. of Issued Shares	% of Issued Shares
1 Capital Market Development Fund	100,200,001	19.28
2 Minister of Finance Incorporated **	100,200,000	19.28
3 Newton Investment Management Limited with its shareholding held under its nominees accounts, including Item 3 of the Top 30 Securities Account Holders i.e. Citigroup Nominees (Asing) Sdn Bhd and Exempt AN for Mellon Bank (ABNAMRO Mellon)	55,474,200	10.67

* Dato' Yusli who is entitled to subscribe up to 6,000,000 ordinary shares of RM0.50 each in the Company by virtue of the options granted to him pursuant to the Employees' Share Option Scheme (ESOS) over the 5 year duration of the ESOS (Option Period) had subscribed for 1,500,000 ordinary shares of RM0.50 each in 2005 and 2006. The remaining 4,500,000 options have not been vested and will be vested based on performance.

** Total shares held by Minister of Finance Incorporated (MOF Inc) are by reference to Items 2 and 4 of the Top 30 Securities Account Holders. Total shares held by MOF Inc should be 25,000,000 shares. A total of 6,700 ordinary shares of RM0.50 each had been transferred from MOF Inc (ESOS Pool Account) to facilitate the immediate selling by Bursa employees who had exercised their options under Bursa Malaysia's ESOS between 18 January 2007 and 26 January 2007 (both dates inclusive). As at 5 February 2007, the same number of shares were pending issuance and crediting into the relevant employees' securities accounts and immediate transfer thereof to MOF Inc (ESOS Pool Account).

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

In conjunction with the Initial Public Offering (IPO) of Bursa Malaysia on the Main Board of Bursa Malaysia Securities, options over 55,992,600 ordinary shares of RM0.50 each in the Company have been offered to the existing eligible employees over the Option Period, subject to extension or earlier determination in accordance with the ESOS Bye-Laws. A total of 7,254,000 options were granted to the employees in 2006, out of which 6,613,700 were vested. The allocation of options for each subsequent year over the remaining Option Period will be determined by the Option Committee based on employees' performance rating in the respective years.

Bye-Laws 13.1 and 13.3 provide among others, that the ESOS subscription price may be adjusted whenever there is an alteration in the capital structure of Bursa Malaysia during the Option Period, by way capital reduction (inclusive of "capital distribution") and any dividend charged or provided for in the accounts pertaining to any period shall be deemed to be a "capital distribution" unless the aggregate dividends declared or provided for the financial year is less than 5% of the 5-day weighted average market price (WAMP) of Bursa Malaysia shares immediately prior to the declaration of the dividend. As the aggregate of the interim dividend of 12.5 sen per share and special dividend of 28 sen per share declared on 27 July 2006 and 31 October 2006 respectively amounting to a total of 40.5 sen has exceeded 5% of the 5-day WAMP of Bursa Malaysia shares immediately prior to the declaration of the special dividend on 31 October 2006, the said dividends declared was deemed as "capital distribution" pursuant to Bye-Law 13.3.

In this respect, the ESOS subscription price was adjusted with effect from 15 December 2006 in accordance with the following formula:

$$\textbf{Adjusted Subscription Price} = \text{Existing Subscription Price} \times \frac{(\text{Market price of Bursa Malaysia shares prior to Ex-Date}) - (\text{Distribution amount per share})}{(\text{Market price of Bursa Malaysia shares prior to Ex-Date})}$$

The subscription price adjustments for the existing employees are as follows:

Subscription Price (RM)	Adjusted Subscription Price (RM)	Number of Employees
2.46	2.31	559
3.05	2.87	2
3.35	3.15	1
4.07	3.83	15
5.37	5.05	1
5.79	5.45	1
Total number of employees granted with options		**579**

The number of shares allotted pursuant to the exercise of options under ESOS as at 5 February 2007 from 1 January 2006 is reflected in the changes in issued and paid-up share capital as set out in the table below.

No.	Date of Allotment/ (cancellation)	No. of Shares Allotted/ (cancelled)	Increase/ (Decrease) in Issued and Paid-up Share Capital (RM)	Consideration	Cumulative No. of Shares Allotted	Cumulative Issued and Paid-up Share Capital (RM)
1	5-27 Jan 2006	127,100	63,550	Exercise of ESOS options	513,187,200	256,593,600
2	7-28 Feb 2006	198,400	99,200	Exercise of ESOS options	513,385,600	256,692,800
3	3-31 Mar 2006	1,199,100	599,550	Exercise of ESOS options	514,584,700	257,292,350
4	5-28 Apr 2006	548,300	274,150	Exercise of ESOS options	515,133,000	257,566,500
5	4-26 May 2006	1,366,200	683,100	Exercise of ESOS options	516,499,200	258,249,600
6	5-30 Jun 2006	45,100	22,550	Exercise of ESOS options	516,544,300	258,272,150
7	5-31 Jul 2006	64,200	32,100	Exercise of ESOS options	516,608,500	258,304,250
8	3-29 Aug 2006	439,700	219,850	Exercise of ESOS options	517,048,200	258,524,100
9	5-29 Sep 2006	67,200	33,600	Exercise of ESOS options	517,115,400	258,557,700
10	4-30 Oct 2006	150,400	75,200	Exercise of ESOS options	517,265,800	258,632,900
11	3-30 Nov 2006	2,167,600	1,083,800	Exercise of ESOS options	519,433,400	259,716,700
12	5-29 Dec 2006	168,700	84,350	Exercise of ESOS options	519,602,100	259,801,050
13	5-31 Jan 2007	229,700	114,850	Exercise of ESOS options	519,831,800	259,915,900

The following information is provided in accordance with Paragraph 9.25 of Bursa Malaysia Securities LR as set out in Appendix 9C thereto.

1 Utilisation of Proceeds Raised from Corporate Proposals
There were no proceeds raised from corporate proposals during the financial year.

2 Share Buy-back
The Company had not made any proposal for share buy-back during the financial year.

3 Options, Warrants or Convertible Securities
The Company did not issue any options, warrants or convertible securities during the financial year, other than the granting of options under ESOS as disclosed in Note 28(b) to the financial statements (page 147 of the Annual Report).

4 American Depository Receipt (ADR)/Global Depository Receipt (GDR)
The Company did not sponsor any ADR/GDR Programme during the financial year.

5 Penalties
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by relevant regulatory bodies during the financial year.

6 Variation in Results
There was no variation between the financial results in the Annual Audited Financial Statements 2006 and the audited financial results for the year ended 31 December 2006 announced by the Company on 31 January 2007.

7 Profit Guarantee
There was no profit guarantee for the financial year.

8 Material Contracts
There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2006 or entered into since the end of the previous financial year.

9 Revaluation Policy
The Group's current policy is to conduct a review of the value of its landed properties at the end of each financial year. Any impairment to the carrying amounts of the landed properties will be recognised in the income statement. Thus, the value of the landed properties is stated at cost less accumulated depreciation and impairment losses.

The 30th Annual General Meeting (AGM) will be held on Friday, 6 April 2007. Details of the 30th AGM are set out in the Notice of 30th AGM which accompanies this Annual Report 2006 together with a Form of Proxy. They are also available on Bursa Malaysia's website, www.bursamalaysia.com

FOR THE PURPOSES OF DETERMINING THE PERSONS TO WHOM THE NOTICE OF 30TH AGM SHALL BE GIVEN BY THE COMPANY, THE COMPANY HAS REQUESTED BURSA MALAYSIA DEPOSITORY SDN BHD IN ACCORDANCE WITH ARTICLE 49A(1) OF THE COMPANY'S ARTICLES OF ASSOCIATION AND SECTION 34(1) OF THE SECURITIES INDUSTRY (CENTRAL DEPOSITORIES) ACT, 1991 TO ISSUE A RECORD OF DEPOSITORS AS AT 8 MARCH 2007. ONLY A DEPOSITOR WHOSE NAME APPEARS ON THE RECORD OF DEPOSITORS AS AT 8 MARCH 2007 SHALL BE GIVEN THE NOTICE OF THE SAID MEETING.

NOTES

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