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Earnings Management Practices Between Government Linked and Chinese Family Linked Companies

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ABSTRACT

This paper investigates the prevalence of earnings management between government linked companies (GLCs) and Chinese family linked companies (CFLCs). Information on twenty five companies from each ownership structure were collected, for the years 2004 to 2005.The findings reveal that GLCs have a tendency to manage their earnings upwards while CFLCs tend to adjust their earnings downwards. On average, GLCs appear to have a higher level of earnings management as compared to CFLCs. There is a weak evidence to show that the concentration of shareholdings in GLCs affect the extent of earnings management. This is however not observed among CFLCs. In general our results do not support the belief that higher concentration of shareholdings results in increased earnings management.

Keywords:

INTRODUCTION

Earnings management has always been of great interest and a popular area of research among academicians. However, most research on earnings management

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has been mostly conducted in US and other more developed countries. It is undeniable that US is generally viewed as having the most rigorous and comprehensive financial reporting standards in the world (Kieso et al, 2002, pp. 19). However, accounting in the US has become so complicated that basic accounting principles have become lost in details of specific accounting standards. The popular press contains many stories of accounting and auditing scandals after 2001. Enron, WorldCom, Tyco International, Global Crossing, Quest Communications, Xerox, and HealthSouth are just some of the major US firms whose accounting practices and audits have made the news. When the US Congress enacted the Sarbanes-Oxley Act in 2002, many companies around the world reacted and underwent appalling corporate upheavals and started to take a closer look at the issue of earnings management, including Malaysian enterprises. Although the Malaysian Code on Corporate Governance and the Bursa Malaysia Listing Requirements (2001) provides recommendations and rules to restore investor confidence and to improve standards of corporate accountability, the creation of a culture that subscribes to and adheres to best practices is still voluntary and lies mostly with the board of directors and senior management (Dato' Mohd Azlan Hasim, 2003).

Malaysia has been an economically open country since its independence in 1957. However, its economic development model is distinctive whereby the country abandons partially the laissez-faire style of economic management in favor of greater state intervention. Under this system, government-linked companies (GLCs) are established to play a significant role in economic development and these companies are given a variety of supports to achieve the nation's vision. In terms of market capitalization, GLCs account for approximately 40% of the Composite Index (CI) of Bursa Malaysia (Star, December 31, 2005). Outstanding shares of these companies are substantially held by government-linked investment companies (GLICs). They are Employees Provident Fund, Lembaga Tabung Angkatan Tentera, Lembaga Urusan Tabung Haji, Petroliam Nasional, Permodalan Nasional Berhad, Minister of Finance Incorporated and Khazanah Nasional Berhad. Although the government may not be the ultimate beneficial owner, it is able to appoint board members, senior management, make major decisions such as contract awards and restructuring and divestments.

According to the Malaysian Statistics Department's population estimates for the third quarter of 2005, the country has a population of 25.6 million with the Chinese ethnic group accounting for 6.1 million or 25.4% of the total. Although Malaysia is not predominantly Chinese, Chinese-controlled firms have contributed significantly to the economy (Selvanathan, 2000). According to Yeoh (1987), the Malaysian Chinese style of management is usually closely liked with real or assumed ancestral relationships and parochial sentiments. Employment is based mainly on kinship ties and in the area of employer-employee relationships, paternalism and unconditional loyalty take precedence over merit, experience, and educational qualifications. The status quo has been gradually changed as entrepreneurs are able to integrate Western management practices into their traditional Chinese management approach (Selvanathan, 2000). Chinese family controlled companies which are listed are private companies that are profit oriented and they use minimum costs of production to produce maximum output. On the other hand, listed GLCs have dual aspects, not only maximizing profit but also serving the community as a whole. With various forms of protection and support from the government, their management may not deem reducing cost of production as a priority. It is also apparent that the sense of ownership will differ. This means that the motive for earnings management will differ.

In view of the importance of corporate governance and the adverse effect of earnings management, it is thus the objective of this research is to examine the earnings management practices of GLCs and CFLCs listed in Bursa Saham.

Due to globalization and liberalization of world markets, competition faced by GLCs and CFLCs become more and more intense and the pressure to perform better is unavoidable. The findings of this research will not only enrich the field of research pertaining to the relationship between managerial ownership and earnings management, but more importantly, it raises public awareness of the earnings management issue in Malaysia.

LITERATURE REVIEW

Managing earnings is the process of taking deliberate steps within the constraints of generally accepted accounting principles to bring about a desired level of reported earnings (Davidson, Stickney and Weil, 1987). Fischer and Rosenzweig (1995)

provided a more precise definition as "behavior by managers to increase or decrease current reported earnings of a firm without a corresponding increase or decrease in long-term economic profitability." The researcher uses the Fischer and Rosenzweig definition. Earnings management occurs when managers use judgment in financial reporting and in structuring transactions to alter financial reporting to either mislead some stakeholders about the underlying economic performance of the corporation or to influence contractual outcomes that depend on reported accounting numbers (Healy and Wahlen, 1999, p.368).

EARNINGS MANAGEMENT AND MANAGERIAL OWNERSHIP

Potential conflict arises where control is separated from equity ownership. This conflict of interest has been explored by Jensen and Meckling (1976), who developed a theory of the firm under agency arrangements. Managers are agents for the shareholders and are required to act in their best interests. However, they have operational control of the business and the shareholders receive little information on whether the managers are acting in their best interest. On the other hand, they also hypothesize that the larger the firm becomes, the larger its agency problems because monitoring becomes more difficult and costly in a large firm.

Fama and Jensen (1983) argue that managers have incentives to maximize their own utility at the expense of shareholders' wealth if they only have a small portion of shareholdings within the firm. Managerial ownership can reduce agency costs by aligning the interests of managers with those of shareholders (Jensen and Meckling, 1976). Extending this study, Warfield et al (1995) argue that managers are likely to engage in opportunistic activities and make aggressive accounting choices within contractual constraints when managerial ownership is low.

In emerging markets such as China and Poland, weak governance creates a unique set of agency concerns. Agency solutions in an efficient governance context in most developed economies might not be effective within the weak governance context of these economic entities (Holl and Kyriazis, 1997; Kochhar, 1996). In Malaysia, concentrated ownership and significant government ownership in listed firms (Shleifer and Vishny, 1997; Claessens et al., 2000) are issues which might influence how managers and the board of directors govern their firms. On the

other hand, family differences and role conflicts can lead to behavior that does not support the best interests of the firm. Psychological conflict within the family can create costs, ranging from sibling rivalry, autocratic behavior and nepotism, which offset the benefits of reduced monitoring (Kets de Vries, 1993). In addition, family emotions can also cloud financial vision in issues such as succession planning. It is consistent with the research findings of Morck and Yeung (2004). He found evidence that greater family ownership and control were associated with lower profits during the Asian crisis of 1997.

Earnings Management and Compensation Plan

Watts and Zimmerman (1986) discuss the bonus plan hypothesis on the role accounting choices play in management compensation plans. In addition to their regular salaries, managers are frequently provided additional compensation based on their performance. Net income in financial statements is often used to measure their performance. Thus, managers have incentive to select accounting methods and exercise discretion over accounting estimates to improve their compensation. Early researchers interpreted this to mean that managers with income-based bonuses had incentive to make income-increasing accounting choices. However, tests of this hypothesis were inconclusive. Healy (1985) explains the inconsistencies as being due to a failure to take into account the existence of upper and lower bounds in many bonus plans. A more recent instance in which evidence of earnings management has been found is by Dechow and Sloan (1991), who show that CEOs increase their compensation in their final years in office by cutting research and development (R&D) expenditures.

Earnings Management and Corporate Tax

Income tax is perhaps the most obvious motivation for earnings management. Previous studies have suggested that firms choose accounting accruals to save tax cost. Guenther et al. (1997) find that firms are forced to switch. for tax purposes, from the cash method (low conformity) to the accrual method (high conformity) deferred financial statement income. Maydew (1997) reports that firms with tax-rate-based incentives shifted income in order to maximize current net operating

losses. Nevertheless, taxation authorities tend to impose their own accounting rules for calculation of taxable income, thereby reducing firms' room to manipulate the economic result. Consequently, taxation should not play a major role in earnings management decisions in general. In Malaysia, all firms are taxed at the same statutory rate. There is no minimum income tax. Presently, the corporate tax rate is 27%.

Earnings Management and Political Cost

Kim and Limpaphayom (1998) and, Derashid and Zhang (2003) find that large Malaysian firms pay significantly lower effective taxes, calling into question the applicability of the political cost hypothesis in the Malaysian context. Watts and Zimmerman (1986) examine the role of accounting choices in the political process. The political process imposes costs on firms or industries that are believed to be taking advantage of the public and making excessive profits. Determination that profits are excessive may result in pressure on these firms to reduce prices or face strict regulations. Managers of these firms may thus have incentive to choose accounting methods and use their discretion to reduce reported earnings and lower their political risk. There is also evidence that banks manage their loan loss provisions (Collins et al. 1995) and insurers manage claim loss reserves to meet regulatory requirements (Adiel 1996).

Cultural Characteristics Effects on Accounting Disclosure and Business Practice

The Malaysian capital market exhibits a unique corporate environment where its economy offers clearly identifiable capital segments divided along ethnic lines (Jesudason, 1989). After independence from the British in 1957, the government initiated the New Economic Policy (NEP), which gradually adds Bumiputras into the Malaysian capital market. The presence of clearly identifiable ethnic domination of board membership and ownership of Malaysian listed companies is likely to provide evidence of monitoring differences that may exist in these firms. Johnson and Mitton (2003) and Gomez and Jomo (1997) argue that Bumiputera-controlled firms and politically connected firms are perceived to have poor corporate

governance practices and greater agency problems. On the other hand, both Eichenseher (1995) and CheAhmad and Houghton (2001) suggest that Chinese business practices may influence differences in levels of agency conflicts and risks associated with Chinese-controlled firms at minimum level.

Chuah (1995) argues that the minds of Malaysian managers are influenced by race, education and the type of organizations they work for. Using Hofstede's (1983) four dimensions (individualism, power distance, uncertainty avoidance, and masculinity) in underlying the differences in the nation's cultural values. Abdullah (1992) provides evidence that the Malays are rated lower on individualism, which is partly attributed to the fact that Islam emphasizes on groups and societies rather than individuals (Baydoun and Willet, 1995). Using race and education as surrogate for culture, Haniffa and Cooke (2002) find the Chinese to be more individualistic and secretive in disclosure partly due to their entrepreneurial skills which have a greater influence on the Malaysian economy. They, however, find Malaysian firms dominated by Malay directors to have a higher level of voluntary disclosure, which is consistent with Islamic business ethics which encourages transparency in business, and thus there may be lesser tendency to manage earnings.

THEORETICAL FRAMEWORK AND HYPOTHESIS

This paper investigates the extent to which listed GLCs and CFLCs manage their reported earnings. The independent variable is shareholdings in government and Chinese family controlled companies. The dependent variable will be the level of earnings management as proxy by discretionary accruals derived from the modified Jones model. The modified Jones model is used to capture the discretionary accruals component which is a proxy for earnings management. This requires knowledge of non-discretionary accruals and total accruals, because total accruals comprise of a discretionary element and a non-discretionary element (Jones, 1991). The non-discretionary element is essentially an accrual component imposed on management by regulatory requirements such as Malaysian Accounting Standards Board (MASB) and Financial Reporting Standards (FRS).

Past studies have shown that concentrated ownership can assist the board in increasing its monitoring effectiveness (Shleifer and Vishny, 1997) and in terminating top executives in poor performing firms (Denis *et al*, 1997). With

regards to earnings management, Chtourou et al. (2001) found that the firms with low-level DAC have a percentage of shares owned by concentrated owners. In Malaysia, since the corporate environment is different from the West, this hypothesis might not hold. In this paper, ownership is determined by the percentage of the largest shareholder out of total equity, either through direct or indirect interest, as shown in the *Register of Substantial Shareholders* of firms' annual reports. The largest shareholder of GLCs is either one of 7 GLICs, state governments, other government institutions or a combination. In contrast, the largest shareholder of Chinese family controlled companies is a chief executive officer (CEO) or a director sitting on the board, who has blood relationship with the founder or CEO. He also holds sizeable ownership equity of the firm to gain control of the group of companies.

In compliance with the Companies Act 1965, all listed firms have to disclose their substantial shareholders, including their 30 largest shareholders, in their annual reports. The GLCs and Chinese families' shareholding percentages are based on the 30 largest shareholders that accounting for direct interest. Most family businesses however, retain control by holding shares indirectly. In this study, we compute the percentage of controlling interest based on analysis of the 30 largest shareholders and the disclosure in the analysis of substantial shareholders as direct and indirect interest of a director in a group. To achieve the objectives of this study, we test the following 2 hypotheses as shown below.

$H_0$1: There is no difference between GLCs and CFC companies in their earnings management.

$H_0$2: The concentration of shareholdings does not affect the level of earnings management.

In this study, discretionary accruals (DAC) are determined by using total accruals minus non-discretionary elements. The process of determining DAC is illustrated below (see Table 1). In order to test the 2 hypotheses above, t-test and simple regressions are used. From the linear regressions, we examine the relationship between DAC and ownership concentration (OC). The regression

Table 1 Variable Definitions and Computations

Variables	Description
Dependent Variable Discretionary Accruals	Determined according to the modified Jones model: $TAC_{it}/TA_{it-1} = a_{0j}(1/TA_{it-1}) + a1j\,(REV_{it} - REC_{it})/TA_{it-1} + a_{2j}\,(PPE_{it}/TA_{it-1}) + e_{it}$, where TAC_{it} = Total accruals [net profit before extraordinary items minus net cash generated from (used in) operating activities] in year t for the i'th control firm; TA_{it} = Total assets in year t for the i'th control firm; REV_{it} = The change in revenues and operating income from year t-1 to year t for the i'th control firm; REC_{it} = The change in receivables from year t-1 to year t for the i'th control firm; PPE_{it} = Gross property, plant, and equipment in year t for the i'th control firm; e_it = The regression error terms, assumed cross-sectionally uncorrelated and normally distributed with mean zero. The estimated coefficients from the control-firm regressions above are then used to estimate the level of managed accruals for each sample firm by subtracting the estimate of unmanaged accruals from total accruals as follow: $TAEM_{j,t} = TAC_{jt}/TA_{jt-1} - a_{0j}(1/TA_{jt-1}) - a_{1j}\,(REV_{jt} - REC_{jt})\,TA_{jt-1} - a2_{j}\,(PPE_{jt}/TA_{jt-1})$, where $TAEM_{j,t}$ or DAC is the managed component of total accruals for sample firm j in year t, which is equal to discretionary total accruals, and all other variables are as previously determined.
Dependent Variable Managerial Ownership	GLC is determined by measuring % of the largest shareholders out of total equity either through direct or indirect interest of shareholding. The largest shareholder is either 7 GLICs, state governments, other government institutions or a combination Chinese family businesses are determined by measuring % of the largest shareholder out of total equity either through direct or indirect interest. The largest shareholder is a CEO/director on the board who has blood relationship with founder/CEO, at the same time he holds sizeable ownership equity

equation for the second hypothesis is DAC = a + bOC. It is expected that the coefficient of OC is positive and significant.

SAMPLE SELECTION

This study uses secondary data from annual reports of publicly quoted companies. Finance-related companies are included although they have unique characteristics and different compliance and regulatory requirements. These annual reports are available and downloadable from the web site of the exchange (http://annoucements.bursamalaysia.com). Notably, since not all firms have financial year end (FYE) on the same date, the data selection would comprise period of FYE March 31, 2004 to March 31, 2006 although majority of companies' FYE fall in December 31, 2004 and December 31, 2005.

Twenty five companies from each ownership structure were selected from the 100 indexed companies of CI in Bursa Malaysia. Notably, successful Chinese entrepreneurx have a few publicly quoted companies in Malaysia concurrently. For instance, Kuok Brothers have 3 listed companies in CI, namely PPB Group Berhad, Shangri-la Hotels (M) Berhad and Transmile Group Berhad. Tan Sri William Cheng has 2 listed corporations - Lion Corporation Berhad and Lion Industries Corporation Berhad. The Malaysian operations of the Singapore-based Quek family's Hong Leong Co. is controlled by Tan Sri Quek Ling Chan who has 2 publicly quoted companies, OYL Industries Berhad and Malaysian Pacific Industries Berhad. This may pose a problem to the results as the same family could be over-represented.

RESULTS AND DISCUSSION

Table 2 shows the absolute mean and standard deviation of earnings management by ownership for years 2004 and 2005. The results indicate that GLCs appear to have higher level of earnings management and dispersion among themselves as compared to CFLCs, for both years. More than half (52%) of the sample GLCs managed their earnings upwards in both years. Sixty percent and 64 per cent of CFLCs managed their earnings downwards for the years 2004 and 2005 respectively. (See appendix 2).

Table 2 Distribution of Earnings Management by Ownership

	Year	Mean (%)	Standard Deviation (%)
GLCs	2004	4.19	3.96
	2005	6.03	7.91
Chinese Family Controlled	2004	1.73	1.46
	2005	3.24	2.85

The disparity in the direction of earnings management could be attributed to the motives of management. The motive of GLCs to manage reported earnings is related to compensation plans. Unlike owner-managers who have to risk their own resources, GLC managers are using public funds as their major resources. In addition, given that these firms normally tie executive compensation to accounting results such as return on assets or earnings per share, thus, it should come as no surprise that top management attempts to manage the accounting numbers to maximize their compensations. On the other hand, the motive of CFLCs might be attributed to tax related issues. These firms are profit oriented and the management will minimize cost to maximize output. Their destiny is solely in the hands of management. They are highly motivated to minimize the taxable income so as to reduce taxes paid to the government and improve cash flows of the company. Corporate taxation is deemed to be expensive but avoidable in that it must be paid annually, although the tax rate has been reducing if compared to 10 years ago.

To determine whether there is any difference between the two ownership structures in terms of their earnings management, t-test was conducted and the results are shown in Table 3. The test results demonstrate that there is a significant

Table 3 Result for Paired T-Test

	t-value	Sig
DAC of GLCs and DAC of Chinese Family Business	5.188	0.000

difference between the two ownership structures in earnings management. This is indicated by the t-value of 5.188 which is highly significant, at 0.01 level. Thus, the hypothesis 1 is rejected and we conclude that earnings management among the GLCs is more prevalent than in CFLCs.

Table 4 shows the regression results using panel data. The objective of these regression analyses is to investigate whether the concentration of shareholding affects the degree of earnings management. The results show that there is a negative relationship between concentration of shareholdings and earnings management in GLCs. The concentration of shareholdings appears to have little impact on earnings management. This is indicated by the coefficient of shareholding with a value of -0.043 which is significant at 0.10 level. As for the CFCCs, the shareholding concentration does not have any effect on earnings management.

Table 4 Regression Result for Panel Data

	Coefficients Beta	***T***	**Sig.**	**R^2**	**F**
GLCs	-0.0.043	-1.803*	0.078	0.063	3.252
CFCCs	0.015	0.308	0.759	0.002	0.095

The weak and negative relationship between shareholding concentration and earnings management observed in GLCs is inconsistent with the political cost hypothesis by Watts and Zimmerman (1986). They postulate that management could choose accounting methods and use their discretion to minimize political impact at certain levels. Further, the result is also inconsistent with the study done by Morck, Shleifer, and Vishny (1988). They argue that larger ownership would provide management with greater scope for opportunistic behaviors. However, the findings are in line with Warfield et al (1995). They argue that the higher the portion of managerial ownership, the lower the magnitude of discretionary accounting accruals adjustment. It could be that, the higher the proportion of ownership, the higher the political pressure to be more transparent and higher corporate governance expected. This makes earnings management more difficult and risky to practice as the spotlight is on management.

As for CFLCs, the coefficient of ownership concentration is insignificant. The result does not support models that predict that higher ownership concentration results in higher earnings management. The low level of earnings management which is not related to shareholding concentration could be due to the fact that the top management of CFLCs possesses a high degree of financial and business risk awareness, particularly after the 1997 financial crisis.

SUMMARY

The objective of this paper is to examine the relationship between earnings management and two ownership structures, GLCs and CFLCs. The findings indicate that there is a tendency for GLCs to manage their reported earnings upwards while the CFLCs managed their earnings downwards. The prediction made about managerial ownership influencing opportunistic earnings management activity was found to be inaccurate.

From the regression results, it is found that ownership concentration is negatively related to earnings management but insignificant at the 0.05 level. It contradicts agency theory on the grounds that alignment of managerial obligations and ownership could influence top management to minimize the practice of earnings management. However, there is no substantial evidence in the findings to prove that the theory can be rebutted as only one variable is taken into account in examining the relationship in this study.

The belief is that Malays have a lower rating on individualism as compared to the Chinese, as Islam reinforces groups and societies rather than individuals, thus encouraging transparency in business and leading to lesser tendency to manage earnings. As Malaysia is in pursuit of a knowledge-based economy, the need for survival in a competitive environment has also led the Malays and not only the Chinese to be more individualistic. The findings indicate that the difference in racial ownership is not a factor that has any apparent crucial effect on earnings management. This mistaken impression must be withdrawn in this new millennium.

This research is perhaps useful to business corporations and policy makers. This is because literature published on earnings management in the Malaysian context is insufficient and thus unable to help determine how serious this practice

is among the different ownership structures. Additionally, the findings will definitely create public awareness on the extent of earnings management.

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Appendix 1

1	Astro ALL Asia Networks Berhad	1	Berjaya Sports Toto Bhd
2	Bintulu Ports Holdings Bhd	2	Globetronics Technology Bhd
3	Bursa Malaysia Bhd	3	Genting Bhd
4	Chemical Company Malaysia Bhd	4	IGB Corporation Bhd
5	DRB-Hicom Bhd	5	IOI Corporation Bhd
6	Guthrie Ropel Bhd	6	Jaya Tiasa Holdings Bhd
7	Golden Hope Plantations Bhd	7	Kian Joo Can Factory Bhd
8	Island & Peninsular Bhd	8	Kim Hin Industry Bhd
9	Malaysian Airline System Bhd	9	Kuala Lumpur Kepong Bhd
10	MIDF Bhd	10	Lion Corporation Bhd
11	Malayan Banking Bhd	11	Lion Industries Corporation Bhd
12	Malaysia Airport Holdings Bhd	12	Malaysian Pacific Industries Bhd
13	NCB Holdings Bhd	13	Magnum Corporation Bhd
14	Petronas Dagangan Bhd	14	OYL Industries Bhd
15	Petrronas Gas Bhd	15	PPB Group Bhd
16	PLUS Expressways Bhd	16	Shangri-la Hotels (M) Bhd
17	POS Malaysia & S. Holdings Bhd	17	Selangor Properties Bhd
17	Proton Holdings Bhd	18	Tan Chong Motor Holdings Bhd
19	Sarawak Enterprise Corp' Bhd	19	TA Enterprise Bhd
20	Sime Darby Bhd	20	Top Glove Corporation Bhd
21	Telekom Malaysia Bhd	21	Transmile Group Bhd
22	Tenega Malaysia Bhd	22	UCHI Technologies Bhd
23	Time Engineering Bhd	23	Unisem (M) Bhd
24	UDA Holdings Bhd	24	WTK Holdings Bhd
25	UMW Holdings Bhd	25	YTL Corporation Bhd

Appendix 2

2004		2005	
Island & Peninsular Bhd	18.01%	MIDF Bhd	17.40%
Sime Darby Bhd	8.17%	POS Malaysia & S. Holdings Bhd	10.38%
Bursa Malaysia Bhd	6.15%	Bursa Malaysia Bhd	9.16%
Telekom Malaysia Bhd	3.72%	Proton Holdings Bhd	8.09%
Golden Hope Plantations Bhd	2.60%	Golden Hope Plantations Bhd	6.67%
Guthrie Ropel Bhd	2.40%	Chemical Company Malaysia Bhd	5.81%
Time Engineering Bhd	2.04%	Guthrie Ropel Bhd	5.12%
Chemical Company Malaysia Bhd	2.00%	Bintulu Ports Holdings Bhd	4.39%
Proton Holdings Bhd	1.87%	Sime Darby Bhd	4.22%
Malayan Banking Bhd	1.69%	Malayan Banking Bhd	2.99%
Astro All Asia Network Bhd	1.53%	Petronas Dagangan Bhd	0.71%
DRB-Hicom Bhd	0.97%	Island & Peninsular Bhd	0.24%
PLUS Expressways Bhd	0.95%	UDA Holdings Bhd	0.18%
Bintulu Ports Holding Bhd	0.02%	Malaysia Airport Holdings Bhd	-0.10%
Tenega Malaysia Bhd	-0.38%	PLUS Expressways Bhd	-0.20%
Sarawak Enterprise Corp' Bhd	-1.63%	DRB-Hicom Bhd	-0.46%
Malaysia Airport Holdings Bhd	-2.15%	NCB Holdings Bhd	-1.39%
UMW Holdings Bhd	-3.91%	Malaysian Airline System Bhd	-2.90%
Petrronas Gas Bhd	-4.07%	Astro All Asia Network Bhd	-3.17%
POS Malaysia & S. Holdings Bhd	-4.81%	Sarawak Enterprise Corp' Bhd	-3.69%
NCB Holdings Bhd	-4.92%	Tenega Malaysia Bhd	-4.22%
Petronas Dagangan Bhd	-5.48%	Petronas Gas Bhd	-5.88%
UDA Holdings Bhd	-6.88%	UMW Holdings Bhd	-6.20%
MIDF Bhd	-7.15%	Telekom Malaysia Bhd	-8.50%
Malaysian Airline System Bhd	-11.17%	Time Engineering Bhd	-38.75%

2004		2005	
Tan Chong Motor Holdings Bhd	16.48%	Tan Chong Motor Holdings Bhd	18.76%
Kian Joo Can Factory Bhd	4.77%	Kian Joo Can Factory Bhd	10.13%
Globetronics Technology Bhd	4.16%	Transmile Group Bhd	8.02%
Lion Industries Corporation Bhd	3.05%	Kim Hin Industry Bhd	5.14%
TA Enterprise Berhad	2.32%	Kuala Lumpur Kepong Bhd	4.48%
IGB Corporation Bhd	2.00%	Lion Industries Corporation Bhd	4.21%
PPB Group Bhd	0.97%	OYL Industries Bhd	2.27%
Kuala Lumpur Kepong Bhd	0.35%	Top Glove Corporation Bhd	1.83%
Jaya Tiasa Holdings Bhd	0.29%	UCHI Technologies Bhd	0.04%
WTK Holdings Bhd	0.09%	IOI Corporation Bhd	-0.05%
Unisem (M) Bhd	-0.06%	IGB Corporation Bhd	-0.51%
Kim Hin Industry Bhd	-0.32%	Berjaya Sports Toto Bhd	-0.54%
Malaysian Pacific Industries Bhd	-0.63%	Lion Corporation Bhd	-1.21%
YTL Corporation Bhd	-0.95%	YTL Corporation Bhd	-1.64%
IOI Corporation Bhd	-1.26%	PPB Group Bhd	-1.66%
UCHI Technologies Bhd	-1.84%	Selangor Properties Bhd	-1.96%
Selangor Properties Bhd	-1.89%	WTK Holdings Bhd	-2.15%
Berjaya Sports Toto Bhd	-2.15%	Shangri-la Hotels (M) Bhd	-3.41%
Transmile Group Bhd	-2.19%	TA Enterprise Bhd	-3.55%
Lion Corporation Bhd	-3.14%	Magnum Corporation Bhd	-3.56%
OYL Industries Bhd	-3.20%	Genting Bhd	-4.36%
Top Glove Corporation Bhd	-3.60%	Unisem (M) Bhd	-4.57%
Genting Bhd	-3.97%	Jaya Tiasa Holdings Bhd	-6.94%
Shangri-la Hotels (M) Bhd	-4.05%	Globetronics Technology Bhd	-8.41%
Magnum Corporation Bhd	-4.65%	Malaysian Pacific Industries Bhd	-10.73%