How bumi equity ownership is calculated

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"**THE** methodology used by the government to calculate the bumiputra corporate equity ownership takes into account several main economic indicators.

In his winding-up speech at the committee stage of Budget 2007, Deputy Minister in the Prime 'Minister's Department Datuk Abdul Raman Suliman said the calculation includes:

» Last submitted annual statement of the companies registered with Companies Commission of Malaysia (CCM);

» Equity ownership from public listed companies;

» Bumiputra-interest institutions such as Tabung Haji Board,.Armed Forces Fund Board and Cooperative Development Department.

» Equilty ownership by related fund agencies such as permodalan Nasional Bhd (PNB), Majlis Amanah saham Rakyat and State Economic Development Bodies;

» Trust fund shares from the securities commission and trust fund management companies such as PNB; and

» Economic Planning Unit's (EPU) studies on ownership interest through nominee companies.

He said information on the shares in CCM's registered companies is the main information in estimating equity ownership according toethnic groups.

"information used by EPU from com pany annual reports, among others are type of companies, companies activities, race, citizenship, number of shares held by the shareholders.

"The companies' statement also contains lists of owners and number of shares owned by non-individuals such as Sdn Bhd, public-listed companies, government agencies and soon."

The methodology of the bumiputra corporate equity has caused a wide public debate when the media highlighted a finding by the Asian Strategy and Leadership institute (Asli) that bumiputra corporate equity had achieved about 45%.

The official figure of the bumiputra corporate equity ownership under the Ninth Malaysia Plan (9MP) is 18.9%.

Abdul Raman said par value was used in the calculation because it could give a general view on the initial paid-up capital for the whole corporate sector.

"Market values can be used but only for listed companies. For unlisted companies, market values cannot be used because they are always changing and influenced by factors that do not reflect the true value of the shares and companies' performance, such as window dressing.

However, he said to improve the methodology, the government will always review it from time to time.

He also noted that Malaysian companies abroad were not included in the calculation.

Quizzed by opposition MPs, Abdul Raman said based on the composition of bumiputra in the country, the objective of the bumiputra equity ownership should be 60%.