



**BURSA MALAYSIA**

## MEDIA RELEASE

18 April 2008

**BURSA MALAYSIA REGISTERS 40% DECLINE IN Q1 NET PROFIT DUE TO CHALLENGING MARKET CONDITIONS**  
*Derivatives expected to cushion impact of volatility in the equities market*

Bursa Malaysia Berhad (Bursa Malaysia) today reported a net profit of RM42.1 million for the first quarter of 2008 which is a 40% decline compared to the net profit of RM70.2 million for the corresponding period last year. For the quarter ended 31 March 2008, Bursa Malaysia's operating revenue fell by 28% to RM88.9 million from RM124.3 million registered in the previous corresponding period ended 31 March 2007. This decline was primarily due to the decrease in equities trading revenue as a result of a challenging and volatile market.

The equities market recorded a daily average trading value of RM2billion compared to RM2.8 billion in the first quarter of 2007. Quarterly velocity for the period in review was at 46%. Trading revenue for the equities market decreased by 44% to RM48.9 million as compared to RM86.8 million in the first quarter of 2007.

In contrast, the number of derivative contracts recorded an improvement with a total of 1.76 million contracts traded in the first quarter of this year as compared to 1.56 million in the previous corresponding period. This positive growth was mainly driven by the strong demand in the Exchange's derivatives products, specifically the Crude Palm Oil Futures (FCPO) and the Kuala Lumpur Index Futures (FKLI). FCPO chalked a 34% increase with a total of 826,600 contracts traded in the quarter ended 31 March 2008 versus 617,358 contracts in same period in 2007. The FKLI traded 894,141 million contracts in the first quarter of 2008 in comparison to 887,726 contracts in the same period last year. However, there was a drop in the trading revenue for the derivatives market which decreased by 5% to RM12.2 million from RM12.9 million in the corresponding period in financial year 2007. This decline was attributed to the downward revision of a fee structure which took effect on 1 April 2007.

Bursa Malaysia Berhad's Chief Executive Officer, Dato' Yusli Mohamed Yusoff said despite the market volatility, foreign trades in the equity market remain at a healthy rate with an increase in foreign participation to 43% in 2008 compared to 37% in 2007. Dato' Yusli commented, "The sustained interest by foreign investors is a demonstration of their confidence in the market's growth opportunities. In fact, our valuations are attractive and comparable to regional counterparts. We believe that the country's fundamentals are strong and our low exposure to external factors contributed to the strong investor confidence."

Commenting on the Exchange's outlook, Dato' Yusli said, "Our derivatives market is performing steadily, signalling sustained demand from investors who are keen on competitive futures products. In fact, the volatile market worked to our advantage as many players see this as an opportunity to hedge positions. Therefore, we are banking on our derivatives market's performance to help cushion the impact of volatility in the equities market. We are already making inroads with the newly launched Direct Market Access and are confident of the prospects of growth and increased efficiency when the market making framework is in place sometime this year."



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Stable revenue comprising depository services, information services, listing fee, broker services and participants' fees rose by 15% to RM26.4 million from RM23 million in the same quarter last year. Operating expenses increased by 11% to RM43.8 million from RM39.4 million mainly due to operational cost and higher depreciation.

The presentation of the financial results for the first quarter of 2008 is also available on Bursa Malaysia's website ([www.bursamalaysia.com](http://www.bursamalaysia.com)).

<b>FINANCIAL RESULTS</b>	<b>1Q08</b>	<b>1Q07</b>
	<b>RM'mil</b>	<b>RM'mil</b>
Operating revenue	88.9	124.3
Other income	12.4	11.8
Total revenue	101.3	136.1
Staff costs	(22.6)	(18.2)
Depreciation and amortisation	(4.5)	(3.3)
Other operating expenses	(16.7)	(17.9)
Profit from operations	57.5	96.7
Finance costs	(0.2)	(0.1)
Profit before tax	57.3	96.6
Income tax expense	(15.2)	(26.4)
<b>Profit for the period</b>	<b>42.1</b>	<b>70.2</b>

-End-

Bursa Malaysia Berhad is a public company limited by shares under the Companies Act 1965. Bursa Malaysia is an approved exchange holding company under Section 15 of the Capital Markets and Services Act 2007. Other companies in the Bursa Malaysia Berhad Group of companies include a stock exchange, a derivatives exchange, an off-shore international financial exchange, equity and derivatives clearing houses, a central depository, an information services provider and an Information Technology services provider.

Bursa Malaysia Securities Berhad, a wholly-owned subsidiary of Bursa Malaysia Berhad, is an approved stock exchange under Section 8 of the Capital Markets and Services Act 2007.

*Issued by Bursa Malaysia.*

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