



**1H 2005**



# Briefing on Interim Results

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**1 August 2005**

# Agenda

Highlights

1H05 Results

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# Highlights

- ✓ 74% of profit forecast met at RM44.4 million
- ✓ Margins improved supported by effective cost control measures
- ✓ Dividend payout of 81.6% (higher than committed level of 75%)
- ✓ Capital management proposal announced, RM416 million to be distributed

# Key Market Statistics

| Key Market Statistics                      | 1H05         | 1H04         | Δ YoY (%)     | 2Q05         | 1Q05         | Δ QoQ (%)     |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| <b>Equities</b>                            |              |              |               |              |              |               |
| <b>Market Capitalisation (RM bil)</b>      | <b>688.6</b> | <b>653.9</b> | <b>5.3</b>    | <b>688.6</b> | <b>694.9</b> | <b>(0.9)</b>  |
| <b>OMT</b>                                 |              |              |               |              |              |               |
| • Total trading value (RM bil)             | 96.7         | 122.1        | <b>(20.8)</b> | 40.4         | 56.3         | <b>(28.2)</b> |
| • Average daily trading value (RM mil)     | 799.0        | 1,009.0      | <b>(20.8)</b> | 652.0        | 953.6        | <b>(31.6)</b> |
| • Total trading volume (bil)               | 55.9         | 58.6         | <b>(4.6)</b>  | 25.8         | 30.0         | <b>(14.0)</b> |
| • Average daily trading volume (RM mil)    | 461.7        | 484.5        | <b>(4.7)</b>  | 416.6        | 509.2        | <b>(18.2)</b> |
| <b>Total number of listed companies</b>    | <b>990</b>   | <b>934</b>   | <b>6.0</b>    | <b>990</b>   | <b>982</b>   | <b>0.8</b>    |
| • New listings                             | 39           | 34           | <b>14.7</b>   | 16           | 23           | <b>(30.4)</b> |
| - Main Board                               | 9            | 8            | <b>12.5</b>   | 3            | 6            | <b>(50.0)</b> |
| - Second Board                             | 11           | 14           | <b>(21.4)</b> | 3            | 8            | <b>(62.5)</b> |
| - MESDAQ                                   | 19           | 12           | <b>58.3</b>   | 10           | 9            | <b>11.1</b>   |
| <b>Derivatives</b>                         |              |              |               |              |              |               |
| • Number of contracts traded               | 1,236,998    | 1,371,372    | <b>(9.8)</b>  | 591,604      | 645,394      | <b>(8.3)</b>  |
| • Average daily number of contracts traded | 10,223       | 11,334       | <b>(9.8)</b>  | 10,027       | 10,939       | <b>(8.3)</b>  |
| • Open interest                            | 77,363       | 52,601       | <b>47.1</b>   | 77,363       | 80,771       | <b>(4.2)</b>  |

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# 1H05 Results : YoY Highlights

- **Net profit up 372% to RM44.4 million**
- **Revenue from information services up 42% to RM9.2 million**
- **Total operating expenses down 47% to RM69 million**
- **EPS up 406% to 9.6 sen**

# Financial Performance

On target to exceed profit forecast

| Key results (RM mil)          | 1H05 | 1H04   | Δ YoY (%) | 2Q05 | 1Q05 | Δ QoQ (%) |
|-------------------------------|------|--------|-----------|------|------|-----------|
| Operating revenue             | 99.8 | 119.1  | (16.2)    | 47.2 | 52.7 | (10.4)    |
| Operating expenses            | 61.3 | 121.8  | (49.7)    | 28.5 | 32.8 | (13.1)    |
| Operating EBITDA              | 38.5 | (2.7)  | 1,525.9   | 18.7 | 19.9 | (6.0)     |
| Depreciation and amortisation | 7.7  | 8.4    | (8.3)     | 3.9  | 3.9  | 0.0       |
| Operating EBIT                | 30.8 | (11.1) | 377.5     | 14.8 | 16.0 | (7.5)     |
| Operating profit              | 30.7 | (11.2) | 374.1     | 14.8 | 15.9 | (6.9)     |
| Other income                  | 36.2 | 35.8   | 1.1       | 15.3 | 20.9 | (26.8)    |
| PBT                           | 66.9 | 24.7   | 170.9     | 30.0 | 36.8 | (18.5)    |
| Taxation                      | 21.1 | 14.0   | 50.7      | 9.7  | 11.4 | (14.9)    |
| PAT after MI                  | 44.4 | 9.4    | 372.3     | 20.0 | 24.4 | (18.0)    |
| Net EPS (sen)                 | 9.62 | 1.90   | 406.3     | 3.99 | 5.79 | (31.1)    |
| NTA per share (RM)            | 2.43 | + 2.83 | (14.1)    | 2.43 | 2.39 | 1.7       |

Note : As at 31 December 2004

# Key Ratios

## Improvement in operating margins and leverage

| Key ratios (%)                                  | 1H05 | 1H04   | Δ YoY (%) | 2Q05 | 1Q05 | Δ QoQ (%) |
|---|------|--------|-----------|------|------|-----------|
| Operating EBITDA margin                         | 38.6 | (2.27) | 1,801.7   | 39.6 | 37.7 | 5.0       |
| Operating EBITDA margin (adjusted for VSS cost) | 38.6 | 28.8   | 34.0      | 39.6 | 37.7 | 5.0       |
| Stable income to operating expenses             | 62.2 | 29.1   | 113.2     | 71.9 | 53.7 | 34.1      |
| Operating EBIT margin                           | 30.9 | (9.32) | 431.1     | 31.4 | 30.4 | 3.3       |
| Net profit margin                               | 32.6 | 6.07   | 438.0     | 32.0 | 33.2 | (3.6)     |
| Net profit margin (adjusted for VSS cost)       | 32.6 | 30.0   | 8.7       | 32.0 | 33.2 | (3.6)     |
| Gross dividend yield                            | #2.3 | n/a    | n/a       | n/a  | n/a  | n/a       |
| ROE (annualised*)                               | 6.5  | 1.3    | 400.0     | 5.9  | 7.2  | (18.1)    |

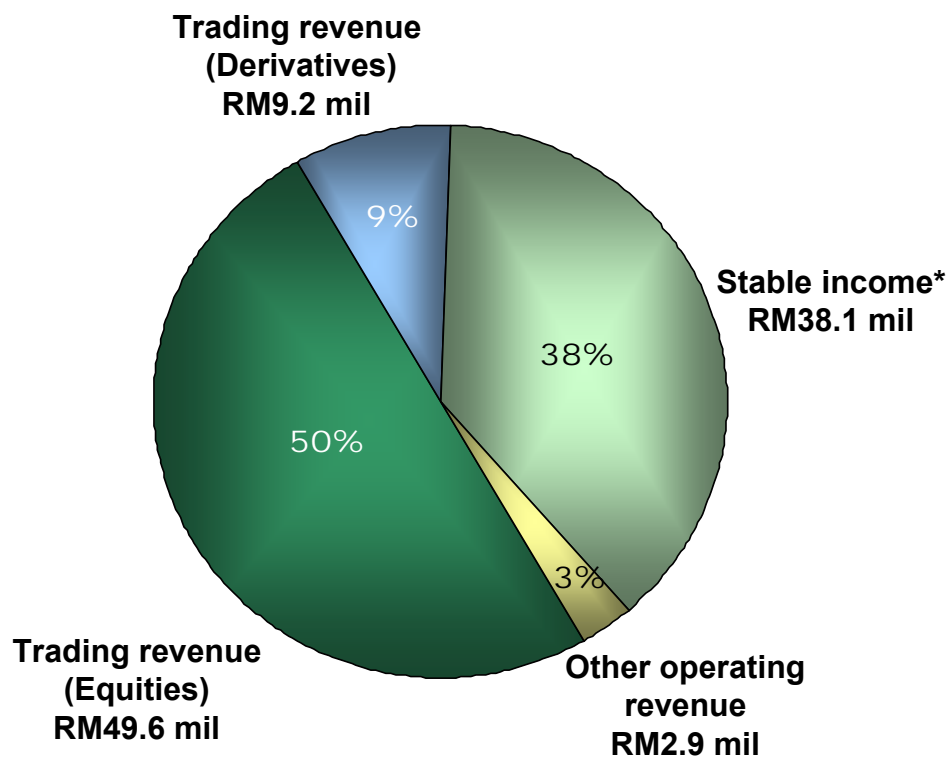
Note : \* Based on the average shareholders' equity as at the beginning and the end of the respective period

# Based on the 5-day weighted average price ended 29 July 2005 of RM4.37

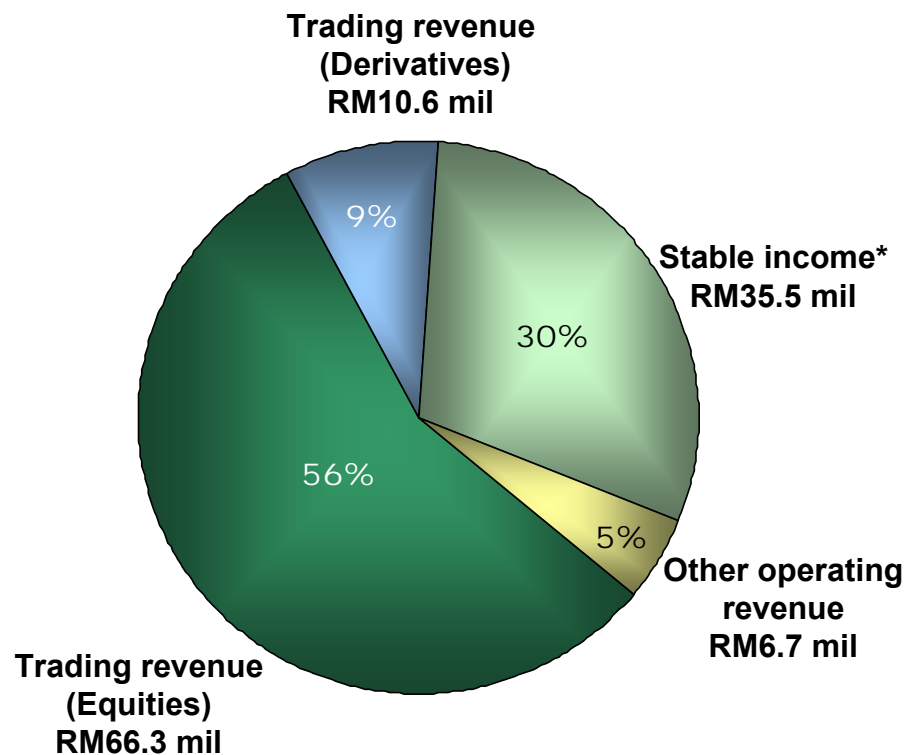


# Operating Revenue

**1H05 : RM99.8 mil**



**1H04 : RM119.1 mil**



Note :

\* Stable income consists of depository services, listing fees, broker services, information services and participants' subscription fees.

# Breakdown of Operating Revenue

## Information services : New pricing model, higher contribution

|                                   | 1H05        | 1H04         | Δ YoY (%)     | 2Q05        | 1Q05        | Δ QoQ (%)     |
|-----------------------------------|-------------|--------------|---------------|-------------|-------------|---------------|
| <b>Operating revenue (RM mil)</b> | <b>99.8</b> | <b>119.1</b> | <b>(16.2)</b> | <b>47.2</b> | <b>52.7</b> | <b>(10.4)</b> |
| <b>Trading related</b>            |             |              |               |             |             |               |
| ▪ Equities+                       | 49.6        | 66.3         | (25.2)        | 20.5        | 29.0        | (29.3)        |
| ▪ Derivatives#                    | 9.2         | 10.6         | (13.2)        | 4.5         | 4.7         | (4.3)         |
| <b>Sub-total</b>                  | <b>58.8</b> | <b>76.9</b>  | <b>(23.5)</b> | <b>25.0</b> | <b>33.7</b> | <b>(25.8)</b> |
| <b>Stable income</b>              |             |              |               |             |             |               |
| ▪ Information services            | 9.2         | 6.5          | 41.5          | 6.1         | 3.1         | 96.8          |
| ▪ Depository services             | 13.2        | 13.7         | (3.6)         | 6.7         | 6.5         | 3.1           |
| ▪ Listing fees                    | 6.7         | 6.8          | (1.5)         | 3.3         | 3.4         | (2.9)         |
| ▪ Broker services                 | 7.2         | 6.8          | 5.9           | 3.7         | 3.6         | 2.8           |
| ▪ Participants' subscription fees | 1.7         | 1.8          | (5.6)         | 0.7         | 1.0         | (30.0)        |
| <b>Sub-total</b>                  | <b>38.1</b> | <b>35.5</b>  | <b>7.3</b>    | <b>20.5</b> | <b>17.6</b> | <b>16.5</b>   |
| <b>Others*</b>                    | <b>2.9</b>  | <b>6.7</b>   | <b>(56.7)</b> | <b>1.7</b>  | <b>1.4</b>  | <b>21.4</b>   |

Note :

+ Consisting clearing fees, SCORE fee, Institutional Settlement Services (ISS) and buying-in commissions

# Consisting clearing fees and derivatives trade fees

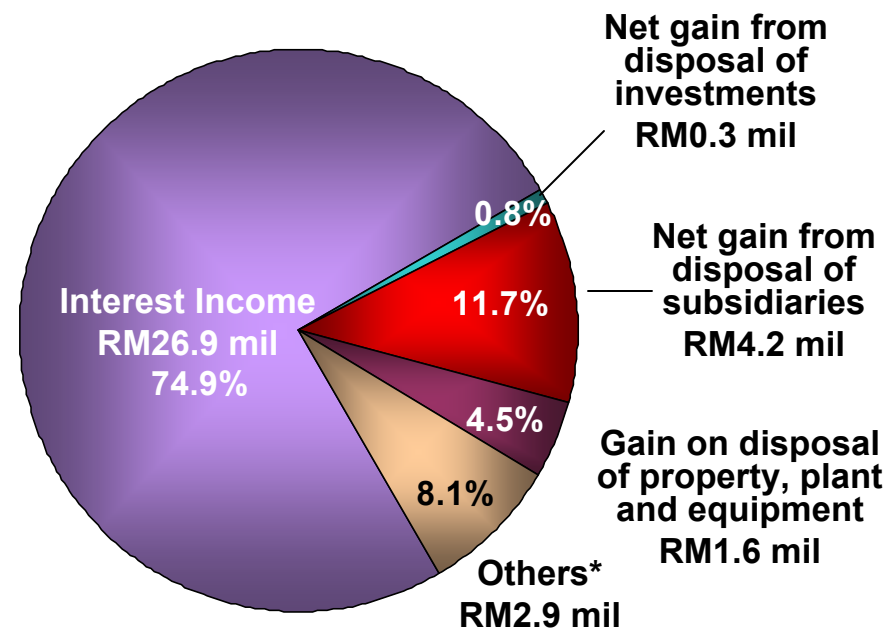
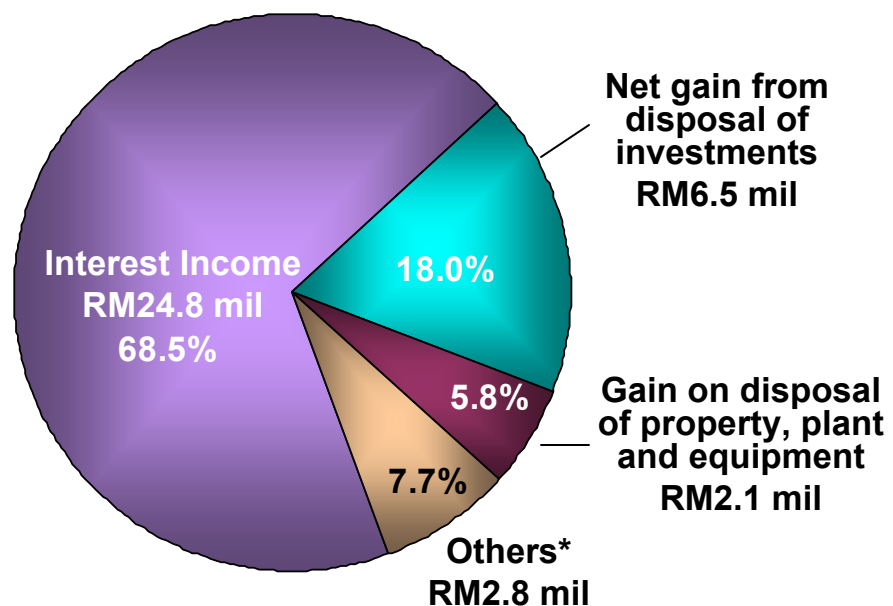
\* Mainly perusal and processing fees

# Other Income

## Higher investment returns

1H05 : RM 36.2 mil

1H04 : RM 35.9 mil



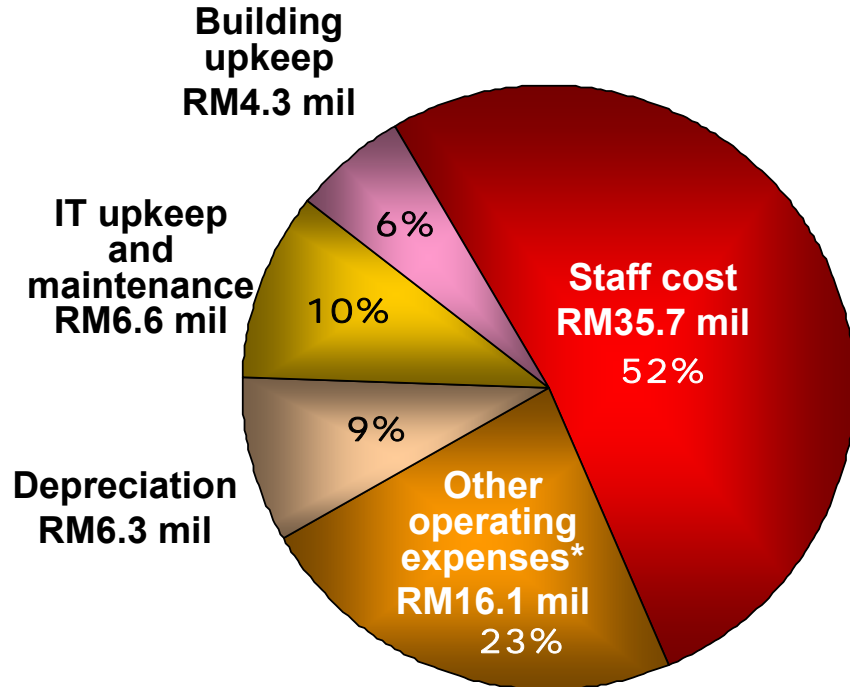
Note :

\* Comprised mainly of exposition income and other miscellaneous income

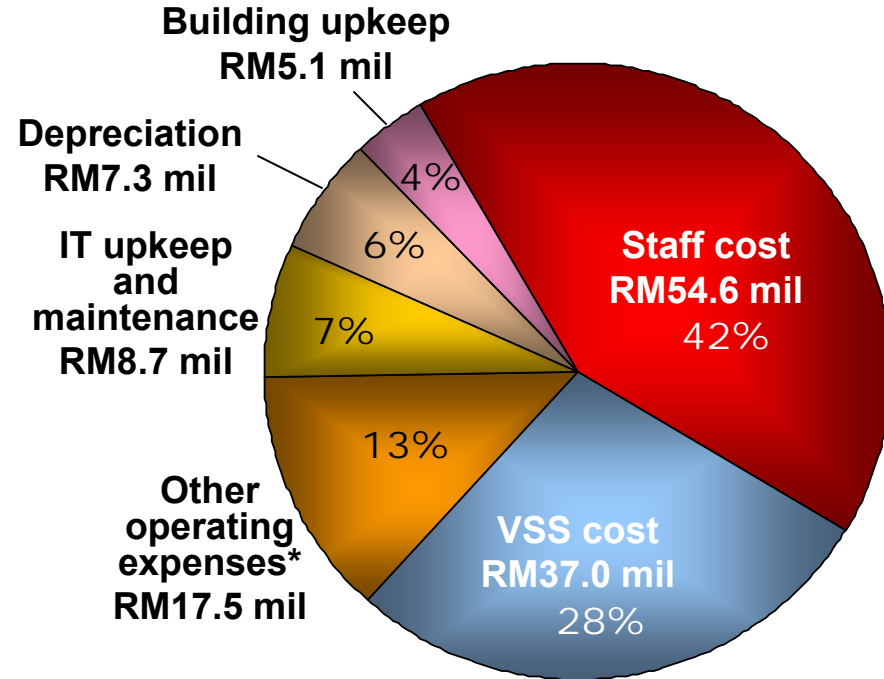
# Operating Expenses

Expenses 47% lower than 1H04

1H05 – RM69.0 mil



1H04 – RM130.2 mil



Note:

\* Include expenses for printing, stationery and photocopying, telecommunications, legal and professional fees, and miscellaneous

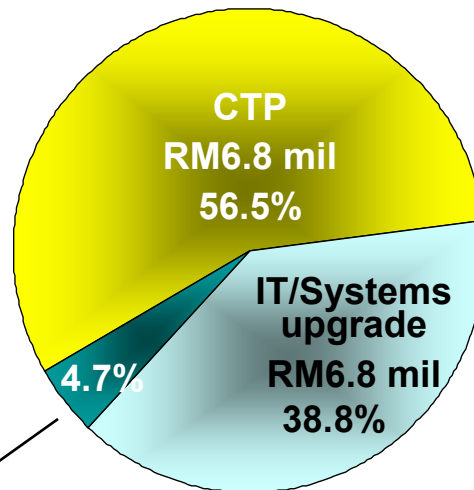
# Capital Expenditure

Allocated RM64 million for 2005

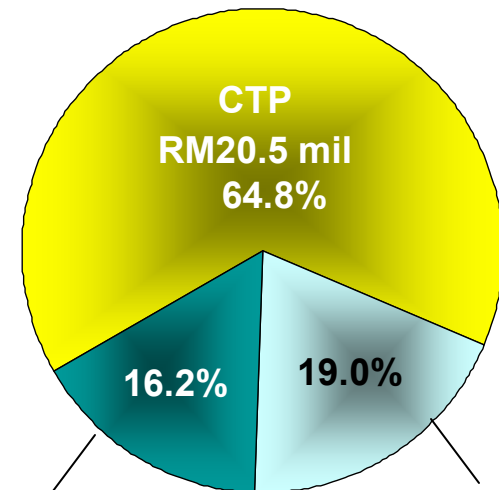
1H05 : RM10.5 mil

1H04 : RM36.3 mil

| Capex for 2005     | RM mil |
|--------------------|--------|
| CTP                | 30.4   |
| IT/Systems Upgrade | 30.3   |
| Fixed Assets       | 3.3    |



Fixed Assets  
RM1.7 mil



Fixed Assets  
RM1.7 mil

IT/Systems  
upgrade  
RM14.1 mil

# Interim Dividend

## Higher payout than committed level

- Payout ratio at 81.6% of PAT after MI vs. stated policy of 75%
- 7.2 sen net/ 10 sen gross dividend
- Gross dividend yield at 2.3%\*
- Book closure date : 18 August 2005  
Payment : 29 August 2005

Note:

\* Based on 5-day weighted average price ended 29 July 2005 of RM4.37

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# Update on Key Initiatives

**Boost Market Velocity and Liquidity**

**CMDF – Bursa Research Scheme (CBRS)**

**Roadshows/Conferences**

**5 licensed foreign brokers**

**Bursa – SGX Trading Link**

**CTP**



# Update on Key Initiatives

## Expand Products and Services

| Launch of products / services | Timeline |
|-------------------------------|----------|
|-------------------------------|----------|

- |                                     |  |
|-------------------------------------|--|
| • e-Rapid                           | <input checked="" type="checkbox"/> May '05  |
| • Clearing of ethylene OTC contract | <input checked="" type="checkbox"/> July '05 |
| • ABF - ETF                         | <input checked="" type="checkbox"/> July '05 |
| • REITs                             | <input checked="" type="checkbox"/> Aug '05  |
| • Index Feasibility Study           | <input checked="" type="checkbox"/> Sept '05 |

# Update on Key Initiatives

## Others

### Liberalisation of CDS account structure

- Flexibility in operating CDS accounts, cost effective
- Efficiency in portfolio management
- Pro-active move to promote investor friendly trading environment

### Increase in clearing fee cap

- Subject to the liberalisation of the CDS account structure
- Cap increase from RM200 to RM500
- Threshold increase from RM500,000 to RM1.25 million

### Impact on revenue from liberalisation and increase in clearing fee cap

- Any adverse impact will be mitigated by increase in cap

### Review in Listing Fees

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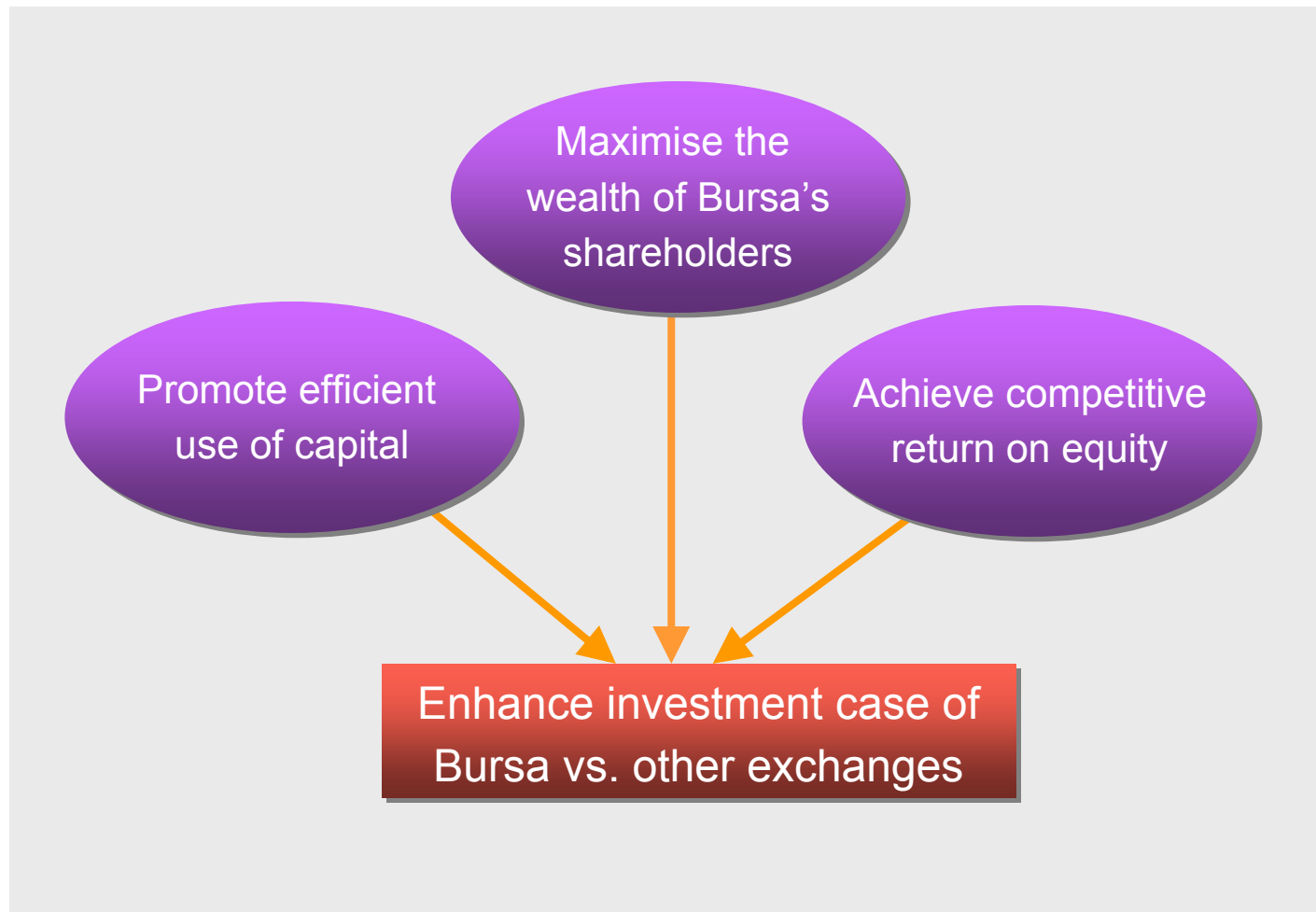
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# Cash Balance

|                                    | Cash position<br>(RM'000) |
|------------------------------------|---------------------------|
| 30 June 2005                       | 913, 297                  |
| Cash available for<br>distribution | 416,000                   |
| Cash available for operations      | 497,297                   |

# Objectives of Proposed Distribution



# Proposed Distribution

## Capital Repayment

Proposed distribution of RM416 million or RM 0.83 per share (calculated based on 30 June 2005 no. of shares)

## Mechanics

Via issuance of bonus issue and capital reduction under Section 64 of Companies Act, 1965

## Rationale

- Inadequate Section 108 tax credit at HoldCo
- Preserve existing group Section 108 tax credit for future dividends
- Achieve tax efficiency for shareholders

## Target Completion

By end 2005

## Approvals

- Shareholders of Bursa
- High Court of Malaya

# Indicative Returns

**Total Yield**  
(incl. dividend)

**30.1%**

*Based on IPO price of RM3.00*

**28.2%**

*Based on IPO price of RM3.20*

**20.6%**

*Based on 5-day weighted  
average market price ended  
29 July 2005 of RM4.37*

**Total Shareholders  
Return**  
(Net)

**Institutional: 38.8%**

**Retail: 48.1%**

**Note:**

- Tabulation takes into consideration of the variance between the current market price and the IPO subscription price
- Assume that weighted average price of RM4.37 has reflected the capital repayment amount

# Shareholders' Funds and ROE

|                  | Shareholders' Funds <sup>(1)</sup><br>(RM'000) | ROE <sup>(1)</sup><br>(%) |
|------------------|--|---------------------------|
| 30 December 2004 | 1,460,295                                      | 2.43                      |
| End 2005         | 823,165  | 5.28                      |

Note :

1. Takes into consideration of PAT after MI of RM60.3 mil, interim dividend payout ratio of 81.6% and capital repayment of RM416 mil



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